

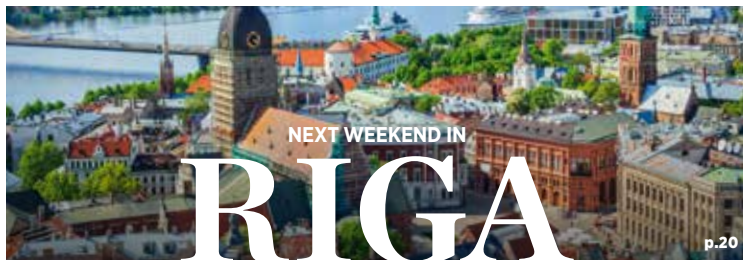
Eli Hazan

THE MAGICIAN

So, how did this happen? How is it possible that despite everything described in the international media, the Israeli public trusts Netanyahu over and over again?



p.9



p.20

Peter Lundgren MEP

THIS TIME I'M VOTING EUROSCEPTIC

We should do everything we can to oppose the use of institutions that should be neutral in the elections for party political purposes.



p.9

OLD-SCHOOL JOURNALISM - REPORTING YOU CAN TRUST



Issue #6 | May 2019

THE CONSERVATIVE

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ECR Group

CONSERVATIVES CONTINUE TO GROW

When the ECR Group was founded in 2009, many critics said that it would not survive on. They said it was impossible to split from the EPP. However it managed to survive and grow, and became the third largest group in the European Parliament.

p.3

Richard Milsom

WE MUST ACT NOW TO SAVE THE BALTIC

The Baltic takes on a further importance when it comes to security. As we all know, Russia is a Baltic state. It's largest naval ports are on to the Baltic.

p.8

Profile

ELISABETTA GARDINI

High-profile EPP MEP from Forza Italia, joins ECR

p.10

Jan Zahradil

CAMPAIGN DIARY Part V.

Berlin, Munich, Brussels

p.16

Conservative Icons

FRIEDRICH HAYEK

by Roger Kimball

Ask anyone: the Industrial Revolution is a stigma that no amount of societal amelioration can remove.

p.18

Conservative Music

CHINESE SPANIARDS AND JAPANESE ITALIANS

by Jay Nordlinger

When asked, with a gun to my head, to name my top ten operas, I always include *Porgy and Bess* (Gershwin). It's an American thing. I had it in my mother's milk. It means the world to me.

p.21

Spanish voters went to the polls on Sunday 28 April to decide the future direction of the country. These elections mark the first time that Vox have entered the Cortes Generales. And have seen a decline in the number of seats for the conservative Peoples Party, who's leader Pablo Casado, has taken the party in a more traditional direction. The Citizens Party of Albert Rivera came in third place, with an

increased number of seats. The Socialists are set to return with an increased majority.

These elections were perhaps the most fiercely fought in recent memory, highlight the divide within the country. The snap elections, called in February, were the result of the Socialist government of Pedro Sanchez failing to pass a budget through the Parliament.

This election has been notable for a campaign focused on public finances and the future

direction of Spain's economy, as well as debate about the future direction of Spanish culture. Elements of the culture war that has been taking place in other countries have been seen in this election.

What has also made this election different is the fact that three centre right parties have contested the election. The conservative Vox, the formerly governing Peoples Party and the classically liberal Citizens party. These

three parties have managed to secure 40% of the popular vote between them, showing a promising future for Spain's conservative movement.

Spain's political situation has been turbulent over recent years, in 2016 snap election was called after the December 2015 elections failed to deliver a majority to any party or coalition. Mariano Rajoy and the Peoples Party managed to form a coalition government with the Citizens

party. This government found itself in difficulty following the controversial referendum in Catalonia, however a vote of no confidence in late 2018 forced them out of power and saw the Socialists come into power with a minority government. The new Socialist government, lacking a democratic mandate resolved to call a general election, which they won. They will now have to form a coalition with the far-left and regionalist parties. ■

SPECIAL FEATURE TRADE



USA Ready for Trade

Ambassador Sondland's Remarks at the European Parliament ECR Group Discussion on US-EU Trade - April 9, 2019

In speeches and op-eds and during media interviews I have tried to be very frank in my assessments. Good friends should be frank; and though we share so many interests and values, it's not constructive to sweep aside our differences. I truly believe that most people appreciate an honest exchange that moves the needle.

I think that many in this room hold opinions similar to my own, and take a strategic, long-term view when it

comes to the transatlantic relationship. With that in mind, I am not here to complain or to lecture—I would rather take this opportunity to strategize.

Despite what you are hearing around town, the United States is open for business and actively working to improve the global trade environment in ways that will ultimately benefit both sides of the Atlantic.

CONTINUED ON p.14





Conservatives moving Forward

by Richard Milsom

Welcome to the 6th edition of *The Conservative* newspaper, Europe's leading conservative paper.

In this edition, we look at how the conservative movement is gaining momentum and going from strength to strength across the world, with increases in vote share in the recent election in Spain, and the victory of the Likud Party in Israel.

The future of Europe is being decided on in the European Elections, but Belgians are more focused on the future direction of their own country. As millions of Europeans head to the polls on Sunday 26th of May, Belgians will be taking part in elections for not one, not two, but three levels of governance. Regional and general elections are taking place in parallel with the European ones. We have a look at what's happening in the country that plays host to the capital of Europe.

In Sweden we look at how heated debates over energy and Europe have upset the applectart.

Historically Swedes have enjoyed relatively calm political debates, but these European Elections are testing nerves.

Our Special Report is on trade, with articles ranging from regulation, to Brexit. We also give you coverage of a recent meeting in the European Parliament, in which the US Ambassador has set out the Trump Administrations priorities when it comes to trade.

In our conservative icons segment, we discuss the father of modern day liberal economics and Nobel laureate, Frederick Hayek. It was said that former British Prime Minister Margaret Thatcher carried around a copy of his seminal work, 'The Road to Serfdom' in her handbag. Hayek himself became a key thinker in the conservative movement, advising the governments of Ronald Reagan, Margaret Thatcher and helped to plan the transition of many central European countries from planned economy to free market. ■



ACRE Events

In the last few weeks have seen ACRE organise a number of events. As expected, the main focus has been on issues that matter in the upcoming European Elections. Namely the Environment, European Security and Free Trade.

In Brussels, ACRE President Jan Zahradil held the Brussels Business Breakfast as part of his campaign to become President of the European Commission. He engaged in an honest discussion with top business leaders from across Brussels, covering a range of important issues around the single market.

In Turin, we joined our Italian partners for a lively discussion on the Future of Europe. Listening of speakers from both Italy and the wider EU about how best to tackle future challenges faced by the Union.

In Stockholm we took the Blue Green series on the road and held the Baltic Sea Summit in the old Swedish Parliament building. We heard from a number of experts and stakeholders, as well as members of our Swedish Democrat partners. Topics included the impact of Russian waste disposal in the Baltic on fishing and tourism.

In Riga we held an event with our Latvian partner party, The National Alliance, in which ACRE Presidential Candidate Jan Zaharadil spoke of the need to ensure that all member seats are given a fair hearing and respected, no matter how small or new they are. The conference also covered the topic of Energy Security and the need to prevent the construction of Nord Stream II or risk putting control of Europe in Russias hands. ■



Gaming Industry

European Commission Goes After Gamers

The European Commission has launched a statement of objections against a number of the largest games companies in the world. Amongst those target was Valve, a company that runs a gaming platform with some 150 million users, and 47 million daily users.

The claim is that the Valve, and five video games companies, had unfairly used geo-blocking to prevent users in one country, purchasing games for cheaper by changing their settings to another. The practice was apparently carried out in Poland, the Czech Republic, Hungary, Latvia, Lithuania and Romania, over a number of years. The Eurozone has its own pricing structure, common across the entire currency area.

The penalty for doing so would be 10% of the company's global income. Since Valve is a private company based in the United States, it does not have to publicly disclose its finances, however it is estimated they earn around \$4 billion a year. The company, founded by game designer Gabe Newell, controls



an estimated 70% of global online video games sales through its platform 'Steam'.

The company has however defended itself in a press statement. "The region locks only applied to a small number of game titles. Approximately just 3% of all games using Steam (and none of Valve's own games) at the time were subject to the contested region locks in the EEA. Valve believes that the EC's extension of

liability to a platform provider in these circumstances is not supported by applicable law."

Valve also highlighted that the region locks were the responsibility of the games publishers, not Valve themselves, however they have removed the locks. They also pointed out that the difference in prices was based on what the publisher asked, rather than the price set by Valve. ■

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Emma McClarkin MEP

EUROPEAN-AMERICAN TRADE EVENT

The US Ambassador to the European Union spoke at an event organised by the ECR Group in the European Parliament recently. The event, co-hosted by Conservative MEPs Emma McClarkin and Syed Kamal, was on the importance of the trade relationship between the EU and the United States.

Ambassador Gordan Sondland reassured participants that "Despite what you are hearing around town, the United States is open for business and actively working to improve the global trade environment in ways that will ultimately benefit both sides of the Atlantic."

He went on to say: "You might not appreciate the tactics being employed or the bluntness with which this administration speaks, but the time for politely demurring and turning a blind eye has long passed. The United



States intends to address the fundamental inequities at the heart of trade in the 21st century, whether that's through fighting unjustified, protectionist barriers; the exploitation of gaps in WTO rules; or non-market, state-led industrial policy that distorts the market."

Both the US ambassadors, and MEP MacClarkins comments are reproduced in our special report on trade on page. ■

Confederal Europe Conference

EU Shows "Symptoms of Institutional Decay"

On the 11th of April, the inaugural meeting of the Confederal Studies Network was held in the European Parliament, Brussels. The discussions were focused on ways in which the EU could be reformed to protect the principle of subsidiarity and prevent Europe from further travelling down its road towards statehood. Amongst the speakers was the esteemed German economist and academic Dr Markus Kerber.

Dr Kerber delivered one of the opening speeches, calling for powers to be returned to the member states, and protecting the principle of subsidiarity that has been slowly eroded since the inception of the Lisbon treaty in 2007. Dr Kerber stated that the Commission had overreached and "can no longer claim to be the guardian of the treaties." He decried the fact that the Commission had become increasingly political and stated that it was starting to show signs of "Institutional decay",



especially as the principle agent theory that was added in Lisbon has been abused in order to turn the Commission into a "jobs factory."

The event was hosted by German MEP Ulrike Trebsius, who will not be standing for re-election in May. ■

ECR Group

Conservatives Continue to Grow

EUROPEAN
CONSERVATIVES
AND REFORMISTS
GROUP

The European Conservatives and Reformist Group managed to continue to grow, even in the last week of the current mandate. Italian MEP Elisabetta Gardini, the former leader of the Italian Delegation in the European Peoples Party, defected to join ACRE Party Fratelli d'Italia. She cited problems within Forza Italia as her reason for leaving, and accused the party of being out of touch with voters when it came to Europe.

When the ECR Group was founded

in 2009, many critics said that it would not survive on. They said it was impossible to split from the EPP. However it managed to survive and grow, and became the third largest group in the European Parliament.

At the end of the current mandate, the European Conservatives and Reformists Group has 77 members. At the end of the 2009-2014 mandate the ECR was only 54. The upcoming European Elections provide a strong opportunity for the group to grow further. ■

THE CONSERVATIVE



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France Fire devastates Notre Dame

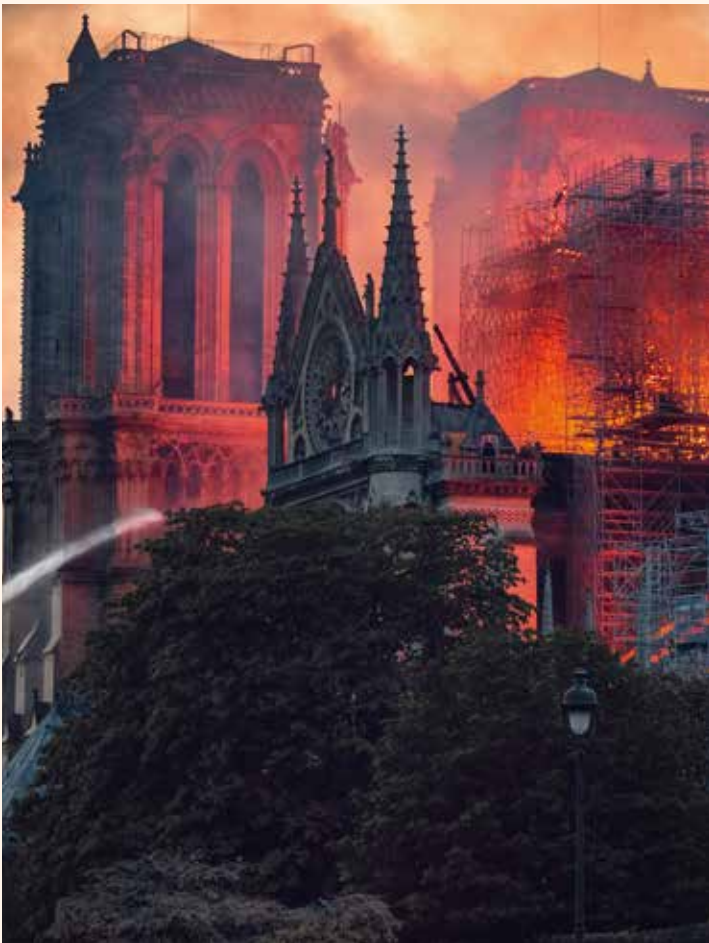
Tragedy struck on Monday 16th of April, as one of the great icons of Paris caught fire. The fire began at about 18:30 in the evening, and would not be extinguished till the early hours of Tuesday morning.

The fire devastated the 850 year old Cathedral, that has stood as a symbol of French resilience and the strength of the Catholic Church in France. The main spire, and roof collapsed in on themselves, leaving only the stone shell of the building. Other than the statues, which were in storage, the first artefacts to be confirmed as rescued from the blaze were the crown of

thorns and the Tunic of St. Louis.

Already plans are underway for the restoration of the Cathedral. French President Emanuel Macron announced that an international fundraiser would help to raise the money required. But within hours of the fire, money had already started to pour in from Frances wealthy, entrepreneur and billionaire François-Henri Pinault pledged to support the rebuilding of Notre-Dame with €100 million and Louis Vuitton owner Bernard Arnault pledged a further €200 million.

It is not yet known how long it will take to reconstruct. ■



Russian Influence UK and Netherlands cut security ties with Austria



It has emerged that both the UK and the Netherlands have begun to limit the flow of intelligence they send to their Austrian counterparts. This is due to the fact that classified and sensitive information has been leaked from Austria to Russia.

It is believed that this was related to alleged strong ties between Russia and the Freedom Party of Austria (FPO), who are currently the junior partners in the government led by Chancellor Sebastian Kurz.

Concern has been raised before about the alleged ties of the FPO to Russia. Most recently when Vladimir

Putin attended the wedding of Austrian Foreign Minister Karin Kneissl, and who is not a party member but was appointed by its leader. She was filmed dancing with him during the reception held near the border with Slovenia. The FPO also has a signed cooperation agreement with Putin's United Russia party.

These concerns have long been under the surface but are now coming to light. The Freedom Party currently control both the Ministry of Defence and the Interior Ministry directly, meaning that they oversee Austria's intelligence agency, the BVT. ■

Ukraine British foreign secretary slams illegal occupation

In a statement on the anniversary of the annexation of Crimea, British Foreign Secretary Jeremy Hunt attacked the Russian regime, accusing them of breaching human rights in Crimea. He also called for a full Russian withdrawal from the Crimean Peninsula, which is internationally recognised as an integral and sovereign part of Ukraine.

Foreign Secretary Jeremy Hunt said in a statement: "I condemn the illegal annexation of the Autonomous Republic of Crimea and the city of Sevastopol, Ukraine, five years ago. The UK will never recognise Russia's illegal annexation of Crimea and we call on Russia to end their illegitimate control of the peninsula and their attempts to redraw the boundaries of Europe. Russia's pattern of unacceptable behaviour has continued with their supply of weapons and personnel to the conflict it initiated in



eastern Ukraine, the illegal construction of a bridge connecting mainland Russia with Crimea, and their relentless attempts to monopolise the Kerch Strait in a campaign intended to undermine Ukraine's economy and demoralise its citizens."

The Russian occupation of Crimea has become one of many obstacles to Ukrainian accession to NATO and the EU, much as the Russian occupation of South Ossetia and Abkhazia have

prevented Georgia from pivoting westwards in the same way as the people would have liked.

The Foreign Secretary concluded his remarks by saying: "We join NATO and the EU in condemning Russia's unjustified use of force on Ukrainian vessels in November last year. The UK, along with our EU and G7 partners, remains unwavering in our support for Ukraine's sovereignty and territorial integrity. Crimea is Ukraine." ■

Reverting to type Dutch Monarchy is losing support

It is often said that France is a republic but a monarchy at heart. The opposite could be said about the Netherlands. The country is a monarchy but a republic at heart. It has only been a monarchy since the beginning of the 19th century and, ironically, it was France that installed the monarchy.

After hundreds of years of a very strong and successful republican tradition, the Netherlands became a monarchy when Napoléon Bonaparte put his third brother, Louis Bonaparte, on the Dutch throne. Soon after the installation of Louis in 1806, Napoléon Bonaparte's empire fell apart, but the Dutch monarchy, under the rule of the House of Orange, stayed. Nowadays the House of Orange has virtually no real political power.

Over the past decade support for the monarchy has been in steady decline, especially among the younger age groups. In 2007, 70 per cent of Dutch between the ages of 18 and 40 supported



the monarchy; now only 55 per cent of the same age group do. The financial benefits that the royals receive seem to play a big role in why they are losing the support of the young Dutch. According to the research centre Ipsos, another explanation for the loss of support lies

in the fact that young Dutch people find the monarchy outdated, and direct election of a head of state more modern. Looking at Dutch history, the monarchy is a recent – modern – tradition. Maybe the country is just reverting to an older – more established – convention. ■

Conservative Manifesto Vox promise lower taxes and lower spending

The Spanish Socialist Party, led by Prime Minister Pedro Sánchez, has launched an economic manifesto for the general elections on 28 April. The Socialists want to raise the minimum wage, increase the power of the unions and increase corporate taxes. The strategy of Pedro Sánchez, clearly, is to attract the voters who used to support the Socialist Party but who in recent elections have defected to the Podemos communist coalition.

The Spanish centre-right has not yet produced a coherent answer to this challenge. Ciudadanos, the self-described liberal party, has talked about modernising the labour market, reducing bureaucracy and making limited tax cuts. But, the party's programme does not include proposals to reduce public spending or liberalise over-regulated markets such as education or healthcare.

The People's Party is struggling to find its bearings after losing half of its voters in the past five years, and has not proposed a credible coherent policy. New party leader, Pablo Casado, insists that he believes in cutting taxes to boost economic growth, and has recruited the well-known economist Daniel Lacalle, but the party has not



presented any plans for cutting spending. The voters doubt the People's Party's intentions on taxes because, in 2011, Mariano Rajoy won a general election campaigning for lower taxes, and only one year later raised income tax, corporation tax and VAT, only reversing these tax increases after voters expressed their anger.

Vox has probably produced the most ambitious economic programme, with the sharpest conservative proposals. The Vox manifesto advocates a large

reduction in public spending – about €25 billion – and the elimination of inheritance tax and wealth tax. The party also offers a radical simplification of income tax, which would turn into a system with only three income brackets: 0% for the first €12,000, 22% for the following €48,000 and 30% for any gain over €60,000. In addition, Vox wants to develop a school voucher scheme and is also committed to increasing the weight of private savings as a complement to the pension system. ■

Dutch election campaign "European elections are not relevant"

With just over a month to go before the European elections, the campaign is still dormant in the Netherlands. This may not be a coincidence. Recently Dutch Prime Minister Mark Rutte, on the well-known weekly political talk show *Buitenhof*, remarked that the "European elections are really not that relevant". The Prime Minister then explained that he was much more interested in the outcome of national elections in France and Germany, because that was where "the real power lies".

Rutte's surprising statement is probably due to the fact that his government is under attack, and the outcome might be better for him if citizens did not register to cast "protest votes" in the upcoming European Parliament elections.

A lot has changed in the Dutch political landscape since the last European elections five years ago. The Netherlands' most federalist party, the Democrats 66 (D66), lost many votes in the national elections two years ago, and after winning the Dutch provincial elections, polling indicates that the Eurosceptic party Forum for Democracy (FvD) is currently the largest party in the country. But these are not the only reasons to expect Forum for Democracy to do well and D66 to do poorly in the European elections. In the European elections, turnout is key.

Four years ago turnout in the European elections was only 37 per cent, with the largest number voting for D66. The probable explanation is that people who had a strong belief in the EU made the effort to go out and vote. But FvD has turned the turnout game on its head.

Turnout was significantly higher in March's provincial elections compared to the election four years earlier because FvD gave many long-time non-voters an incentive to go and vote. If the European elections follow a similar pattern the result could be dramatic.

A second reason to believe that FvD will do well is the party's top candidate, Derk Jan Eppink. Eppink is a prominent and respected journalist and politician, with a longstanding and impressive career as a journalist, member of the cabinet of the Dutch liberal Commissioner Frits Bolkestein, and an ECR MEP for List Dedecker. He has published a book on *Europees Realisme* (European Realism), in which he gives a detailed view of exactly what is wrong in the EU and how to effect change. No wonder Prime Minister Rutte is playing down the importance of the elections in the hope of limiting further political damage to his government. ■



Photo: European Parliament Media Centre

EP election in Sweden First TV debate unusually antagonistic

By European standards, televised election debates in Sweden are usually remarkably tame and polite affairs. Not so of the first televised debate between the different parties' top candidates ahead of the 2019 European Parliament elections. The conflict was heated and – by Swedish standards – loud, with issues ranging from aviation tax and nuclear power to joining the euro and supranationalism.

The topic that energised the different party representatives the most was whether the EU should invest in developing nuclear power. The Sweden Democrats in ECR, along with the Moderates in EPP and the Liberals in ALDE, argued in favour of nuclear power because it is a climate-friendly energy form. The argument, basically, was that the climate science was settled and that we, to save the climate, should invest more in both renewable energy and nuclear power. If Sweden shut down its nuclear power reactors, the result would be an increase in carbon dioxide emissions.

The Left and Greens argued against nuclear power, but both parties were more interested in changing the topic to the new aviation tax introduced by Sweden. The parties argued in favour of extending the aviation tax to European level, but wanted the income to accrue to the different Member States so as not to give the EU taxation powers.

Another hot topic was whether Sweden should join the eurozone. Peter Lundgren of the Sweden Democrats argued that to respect the outcome of the 2003 referendum, Sweden should not join the euro at all, and that the Liberals were the country's most extreme party for wanting to join. He added that



"there will soon be no area that you [the Liberals] are not prepared to sell out [to the EU]". To which Karin Karlsbro of the Liberals responded, "You have understood things correctly – the Liberals are Sweden's most European-friendly party".

Another dividing line was the question of whether the EU should take more action to distribute migrants between the Member States. Most Swedish parties wanted the EU to take such action and to punish Hungary and Poland for not accepting EU quotas. Only the lone voice Peter Lundgren of the Sweden Democrats had a different outlook, saying that "if the EU cooperation is to work, there must be a functioning external border protection. It is not available today. Step two is that there has to be a system for seeking asylum outside Europe's borders. Finally, it should not be up to the EU to have a mandatory redistribution of migrants. It must be a question for each Member State to decide how many migrants the country wants to receive". ■



Elections in Finland Grumpy voters in the world's happiest nation

Finland is the happiest nation in the world according to the United Nations. But in the elections on April 14, large numbers of Finns registered their dissatisfaction with centrist politics. Outgoing Prime Minister Juha Sipilä's Centre Party, lost 13% of their vote compared to the last election. The voters gravitated away from the traditional center giving the political elites' whiplash by simultaneously giving the center-left Social Democrats forty seats and the Eurosceptic Finns Party thirty-nine seats in the 200-member parliament. The result for the conservative National Coalition Party, which came in third place with 37 seats, didn't change significantly. The election has been watched for signs of how the voters in Finland might do in next month's European Parliament elections. The answer is that the disenchantment with mainstream politics in Finland as it does across Europe.

The elections in Finland were respectful and scandal-free with a voter turnout of 72 per cent and a record number of ninety-two women elected to parliament. It was expected that the European trend of Eurosceptic parties critical of mass migration doing well would help the Finns Party. But it was not expected that the Finns Party would be emerged as the second largest party with 17.5 per cent of the vote, only slightly behind Finland's Social Democrats with 17.7 per cent.

The Finns Party gained at the expense of centrists Center Party. The success was in part due to the party's criticism of migration and Eurosceptic political agenda. But climate change was the dominant theme of the



Photo: Shutterstock.com

campaign even overshadowing welfare state reform and migration. Greenpeace called it a 'climate election'. Most mainstream political parties supported additional government actions to curb global warming. Proposals include increasing support for electric vehicles, reducing meat consumption through taxes and serving more vegetarian food as part of publicly funded meals in places like schools and the military. The Finns Party advocated for a moderate policy that wouldn't disadvantage industry in Finland, winning the vote of many rural voters and other residents who feel that the climate change plans of the leading parties would require too much sacrifice.

After an election in Finland, the party that got the most members of parliament typically try to form a new government with other parties as partners. Since, the Social Democrats got the most seats according to the parliamentary convention they are trying to form a cabinet made up of ministers from different political parties. Over the next few weeks they are likely to negotiate with the Green League, Left Alliance, and the National Coalition, but differences over health-care reform and economic policy will not be easily resolved. The Finns Party are unlikely to be invited to join the next coalition because of differences in migration policy and climate change. ■

Belgian federal and regional election campaign PUBLISH AND BE DAMNED

In recent weeks the Belgian election campaign has focused on the somewhat esoteric question of whether the Central Bank should, or should not, publish a comprehensive study on the cost of migration before the upcoming federal and regional elections on 26 May.

The background to the debate is that, in April 2018, the then acting Belgian Finance Minister Johan Van Overtveldt, a member of the N-VA, requested that the Belgian Central Bank conduct an investigation into the cost of migration. The aim was to improve the immigration debate by having an independent body review the effect of migration on the "economic impact on social security, labour markets and productivity". Similar studies had been carried out in the past, also in the Netherlands. The N-VA was hoping that the results would be published before the elections to inform the electoral campaign.

However, in December of last year the N-VA left the federal government after a conflict within the coalition over whether to adopt the UN "Global Compact for Migration". The caretaker government decided to postpone the study, citing "delays in provision of data", setting a new publication date of June 2020. It also declared that it would not "instrumentalise the Central Bank for the elections".

Opinion polls indicate that voters have rewarded the N-VA's principled stance on the Global Compact, and the former coalition partners seem to fear that the N-VA would profit even more from the results of the study on the cost of migration being published before the election.



Photo: Shutterstock.com

Similar studies in the Netherlands – the studies thought to have inspired the original N-VA proposal – indicate that more than half of those receiving state support in the Netherlands are of non-Western migration background, costing an estimated €3 billion per year. The Dutch Government has also revealed that around €1 billion per year was provided in 2015 and 2016 to help asylum seekers. Ten years ago, Dutch magazine Elsevier attempted to calculate the total cost of immigration for the Netherlands, estimating it to be around €200 billion when including spending by different ministries. The data for this calculation came from the wide-ranging 2003

study "Immigration and the Dutch Economy", carried out by Dutch Government think tank CPB. The latter study mentioned that any non-Western immigrant entering the Netherlands at the age of 25 could be expected to cost on average a total of €43,000.

Former State Secretary for Asylum and Migration and leading N-VA politician Theo Francken has reacted to the delay in the publication of the Belgian study, saying that "so many people question the cost of mass migration ... We regret that this taboo is being sustained by the traditional parties. It will not reduce the scepticism among that part of the population which looks in a critical manner at migration; on the contrary." ■



Trade negotiations

COULD TRUMP USHER IN NEW AND IMPROVED FREE TRADE AGREEMENTS?

EU Member States have agreed to open negotiations with the United States on a limited free trade agreement. The aim is to lower tariffs on industrial goods in order to prevent US tariffs targeting Europe's auto manufacturing industry. Preparations are being accelerated due to a deal between US President Donald Trump and EU Commission President Jean-Claude Juncker in July 2018, when it was agreed not to further impose any extra trade barriers. Trump had threatened to do so because the US was losing "hundreds of billions of dollars" due to its trade deficit with the EU. As this trade deficit subsequently widened, Trump decided to increase import tariffs on steel and aluminium. Tensions had increased ahead of the EU's decision to participate in trade talks, with Trump threatening import duties on goods coming from the EU, including Dutch cheese. Trump claimed that this was a reaction to support

for Airbus, the European competitor of Boeing. The EU's response was to threaten to impose €19 billion in tariffs in response to Washington's subsidies of Boeing. Both sides have been preparing lists of potential products to target for sanctions. A WTO arbitrator will decide which sanctions can be imposed in response to both the Boeing and Airbus cases. EU negotiators were keen to start trade talks before Trump took a decision on car tariffs, but France managed to delay an EU agreement on the negotiating mandate. France also declared that it would vote against the opening of trade talks. The French declaration was mostly a symbolic gesture, as it was clear from the outset that the country could not prevent an EU decision to open negotiations. To get France on board, the EU was forced to make a declaration that agriculture would not be part of the negotiations, even if this had been a US condition for the negotiations to move ahead.

EU governments have also declared that the negotiating directives for the Transatlantic Trade and Investment Partnership (TTIP) must be considered obsolete. TTIP was a failed attempt to agree a trade deal between the EU and the US during the Obama Administration. Meanwhile, the EU's trade relationship with China is also in trouble. Until recently, the EU considered China a strategic partner, but its newly proposed China strategy, developed by the European Commission and the EU's European External Action Service, shows a change of heart with regard to China. The EU now considers the country to be a partner with whom it has close cooperation and aligned objectives, a negotiating partner with whom it needs to find a balance of interests; whilst simultaneously seeing it as an economic competitor in pursuit of technological leadership, a systemic rival promoting alternative models of governance.



To address Chinese concerns about the term "systemic rival", Juncker made assurances during a summit with the Chinese President in Paris that "China and Europe must and can do great things together. We are strategic partners, and yes, rivals, but competition among us is a good thing". He also urged China to give EU companies the same access to Chinese markets that Chinese companies enjoy in the EU. Reciprocity may well be

an excuse for old-fashioned protectionism, but support for it in both the EU and the US is on the rise. All eyes are now on how the trade conflict between China and the US will play out. Many expect Trump to agree a deal with China that would increase chances for a deal between the EU and the US. This in turn would create the conditions for a deal in EU-Chinese trade relations. ■

Tables turned on FBI and DoJ

Wrongdoing during Trump campaign investigation will now be examined



Attorney General William Barr shocked officials in Washington when he said at a Congress hearing recently that the FBI investigation into the Trump campaign in 2016 could have involved illegal actions based on political motives. Barr also indicated that he was planning to start an investigation to determine whether the Obama Administration had engaged in electronic surveillance of the opposition's presidential campaign and candidate without a proper legal basis. If the investigation finds that the US Government spied illegally on the Trump campaign during the election, it would be the greatest scandal since Watergate. The legality of the electronic surveillance is not the only possible significant violation to be investigated. The investigation will also cover possible rule and ethics violations committed by FBI agents and officials at the Department of Justice. A catalogue of the suspected abuses can be found in a recently released testimony that ex-FBI official Bill Priestap provided to Congress in a closed-door interview last summer. In particular, Republicans have demanded that the collection of "howlers and hearsay" compiled by Christopher Steele must be investigated. The allegations in the Steele dossier were sold to the public as a report from a high-minded former British spy, but the dossier was in fact part of the Democrat campaign and provided by a man paid by the Clinton camp to dig up dirt on Trump. Steele's dossier was legitimised by the FBI and DoJ by the very fact that they accepted to receive it, even though those authorities knew that Steele was peddling political opposition research paid for by the Democratic National Committee. Republican voices have charged that Steele's dossier was used to perpetrate a fraud on the FISA Court. They have demanded that a second special counsel be appointed because, they claim, "the FBI and DoJ used politically biased, unverified sources to obtain warrants issued by the United States

Foreign Intelligence Surveillance Court of Review (FISA Court) that aided in the surveillance of US citizens". Bill Priestap, who was Assistant Director of the FBI's Counterintelligence Division, managed both of the Bureau's most politically sensitive investigations: the inquiry into Hillary Clinton's handling of classified information, and the probe into whether the Republican presidential campaign conspired with Russia. His testimony provides rare insight into the attitudes and thoughts of officials who launched the Russia probe and the probe of Special Counsel Robert Mueller. More importantly, his testimony contains indications of wrongdoing, including that the FBI and DoJ targeted Trump, and did so with information it made no effort to verify. It paints a portrait of the Obama-era Bureau as one that was unconcerned with political interference in investigations and willing to enlist the help of foreign allies to bring down its target. Testimonies like this explain why the current Attorney General and Head of Department of Justice, William Barr, take such a clear stance in his intention to investigate the claim that US officials spied on the Republican presidential campaign during such an important and sensitive moment in an open and free country. It showcases the euphemisms that can be used to disguise "spying". The explosive Barr hearing foreshadows a bleak future for all those FBI, DoJ and intelligence community operatives who used their official positions and governmental powers to undermine the presidential campaign of Donald Trump. The stakes could not be any higher. One voice on network television claimed that, since Barr merely "thought" spying had occurred, he had not confirmed that it had really happened. And some columnists in big media outlets have called for Barr's impeachment. These reactions to the House Appropriations Subcommittee hearing of William Barr show how desperate the Democrats really are. Clearly the Left knows that trouble is on the way. ■

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Civil war in Libya

Proxy war between French Total and Italian ENI

In recent weeks the Libyan civil war has reignited. General Khalifa Haftar, a Libyan warlord, has launched a major attack on the capital in a bid to oust the Tripoli Government led by Prime Minister Fayez al-Sarraj. The assault on Tripoli, in contravention to numerous international appeals for ceasefire, is ruining UN attempts to broker a truce in the civil war. In particular Italy, the former colonial power in Libya, is worried about the attacks on the capital, and the Italian Foreign Office has warned against toppling the Tripoli Government. The Italian security services have also issued warnings that Libya could become "another Syria", and that human traffickers may take advantage of the situation to create a new refugee crisis.

It is an open secret that the main outside interests in the Libyan civil war are Italy and France. It is equally accepted that the conflict to some extent is a proxy war to control oil and gas, and for strategic influence in Africa. Many observers are convinced that the main reason for the continuation of the civil war is the rivalry between Italian and French interests in oil and gas. For example, Mohammed al-Diari, Foreign Minister in the Tobruk Parliament from 2014 to 2018, has explained the armed conflict as the "the rivalries between the Italian group ENI and [the French group] Total".

Italy supports the UN-recognised Government of National Accord (GNA) in Tripoli under Prime Minister Fayez al-Sarraj (the Tripoli Government). The Prime Minister has little influence outside Tripoli but the GNA controls the National Oil Company of Libya (NOC). Italy is giving political support to the GNA. For example, Italy has reopened its embassy in Tripoli and has convinced other countries to do the same. The Italian Government has also been instrumental in convincing the EU to finance the GNA-controlled Libyan Coast Guard as a border force to keep migrants out of Europe. Underlying the Italian Government's actions is the fact that the Italian energy group ENI has been involved with NOC for half a century and has large investments in the country's oil and gas sector. The Tripoli Government is also supported by Germany, the United States and the United Nations.

France has sided with the unrecognised government in the eastern city of Tobruk and General Khalifa Haftar's self-styled National Army of Libya (LNA). The French have given both political and intelligence – and possibly military – support for Haftar's operation in the south. Paris justifies its backing of Haftar as part of the fight against Islamist militias in the Sahel. In an operation called "Barkhane", the former colonial power is fighting terrorism with more than 4,000 troops in the five Sahel countries of Burkina Faso, Chad, Mali, Mauritania and Niger. France wants to use Libya to pursue terrorist groups in Libya's neighbouring countries to the south. The French Government has been concerned about the high cost of the operation and has asserted that the only way to bring it to an end is to stabilise Libya. This, the French have claimed, is the reason why they have opted for Haftar.

A more credible reason for French support for Haftar may be the country's oil and gas interests in Libya. The LNA already controlled the oil crescent around Benghazi in the east of Libya and, since early February, also controls the oil fields in the south-west of the country, including the El Sharara oil field, considered the largest in the country. The El Sharara field has been operated by a joint venture between several



international oil companies, including France's Total and Austria's OMV.

Egypt, Russia, Saudi Arabia and the United Arab Emirates also support Haftar. Egypt, Saudi Arabia and the United Arab Emirates are providing both funding and arms to the LNA, in part due to oil and gas interests, but also over concerns that the Muslim Brotherhood would gain influence over the Tripoli Government. Russia's assistance to Haftar in the form of funds, equipment, training and diplomatic support is causing concern at NATO's headquarters. The aim, in addition to gaining influence over oil and gas resources, is to get a political foothold to construct a new Mediterranean naval base. But Vadym Prystaiko, Ukraine's Ambassador to NATO, has warned of the Russian intention to instigate another inflow of refugees into Europe in order to leverage Moscow's influence in other questions.

General Haftar is not new to Libyan power games. In 1969 he helped Muammar Gaddafi to seize power. In the 1980s, however, he joined the opposition and moved to the United States for 20 years. Haftar return to Libya in 2011 and since then has projected himself as the scourge of Islamist militants and the militias that grew powerful after the uprising against Gaddafi.

A central challenge in negotiating lasting peace is the disunity of Western governments in Libya. The tensions between France and Italy, which in February led to France recalling its ambassador in Rome, was in part due to political differences over the future of Europe. However, in part it might also have been due to the conflict between the two EU Member States over the control of Africa's largest oil and gas resources. In the view of Abdul Hafiz Ghoga, a former member of the Transitional Council in 2011, there will be no peace or stability in Libya unless the international community reaches a consensus.

The civil war in Libya is widening the political divide that already exists between France and Italy. On the initiative of Italy, EU Member States were planning to issue a joint statement calling "on all parties to immediately cease all military operations" and for Haftar to withdraw his troops. France objected to the issuing of a joint statement, and as a result, the proposed joint EU statement was downgraded to a mere declaration by the EU's High Representative for Foreign Affairs and Security Policy. The differences within the EU have led to the Italian President of the European Parliament, Antonio Tajani, complaining that "we need more unity, we need to speak with only one voice as Europeans, but unfortunately Europeans are divided on this".

The differing interests of Italy and France in Libya, and the normally close allies' intra-EU conflict regarding the position that the EU should take in the Libyan conflict, illustrate how hard it is for the EU to forge a unified foreign policy. ■

Ukrainian Elections

The Chocolatier and the Comedian

The saga that is the Ukrainian elections came to end on Sunday 22nd of April, with actor and comedian Volodymyr Zelensky winning over 73% of the popular vote against his rival, incumbent president and former confectionary magnate, President Petro Poroshenko. This is the highest result ever in a modern Ukrainian election.

However many see the result as less of an endorsement of Mr Zelensky and more of a protest vote against the establishment. This was most clear during the farcical Presidential debates that took place in the Olympic Stadium the day before.

During the debate, which had been organised at the last minute, the two candidates faced off against each other, whilst standing in opposite goals in the stadium. Common sense quickly prevailed with incumbent President Poroshenko walking across the pitch to join his opponent on the same stage. Mr Poroshenko's supporters joined him on the other side of the pitch, out



numbering those of Mr Zelensky quite substantially. Ukraine has been plagued with problems since the end of Euro-Maidan protests in 2013. Crimea was annexed by Russia in 2014 for a start, with a civil war breaking out soon after in the Russian majority Donbas region. Accusations that the pace of change has been too slow crippled Mr Poroshenko's chances of being re-elected, paired with a high voter turnout in the east of the country for Mr Zelensky who has promised to

reverse controversial language laws. For many Ukrainians, this election has been about style over substance. Whilst Mr Poroshenko has been able to talk about policy and the successful reforms to the police and judiciary he has implemented, Mr Zelensky has run an almost entirely populist online campaign, lacking any real policies at all. Some Ukrainians are sceptical that a man who once played the President on a popular TV show, will be much good doing the real thing. ■

Japan

Japanese Emperor Abdicates



Japans Emperor Akihito, who has sat on the Chrysanthemum Throne since 1989, has abdicated. This will be the first abdication in over 200 years. The abdication marks the end of the Heisei Era in Japan and the start of the Reiwa, with the coronation of Crown Prince Naruhito. The Emperor has only held a ceremonial power in Japan since the end of World War Two, when under the terms of the American armistice, forced the surrender of divine power. The role of the Emperor is very much similar to that of the British Monarch, in that the government meets in his name and he appoints the Prime Minister.

Israel

Likud Party win Israeli elections



The Likud Party have won another term of office in a close fought election. The Party of Prime Minister Benjamin Netanyahu narrowly won in one of the closest races in recent years, against the former Military Chiefs of Staff Benny Gantz. 4.3 million Israelis headed to the polls on the 9th of April, to decide their new representatives in the 120 seat Knesset. It was a close race, but in the end Netanyahu's centre right coalition won, with his own Likud party gaining an extra five seats, despite polls suggesting he might lose as many as seven MPs. The Israeli Labor party, a former governing party affiliated to the Party of European Socialists, lost thirteen seats, producing its worst result ever. "I'd like to congratulate Bibi Netanyahu, it looks like that race has been won by him," President Trump told reporters on the South Lawn of the White House. ACRE President Jan Zahradil commented on the result saying, "The Likud Party is a valued member party and a reliable friend in

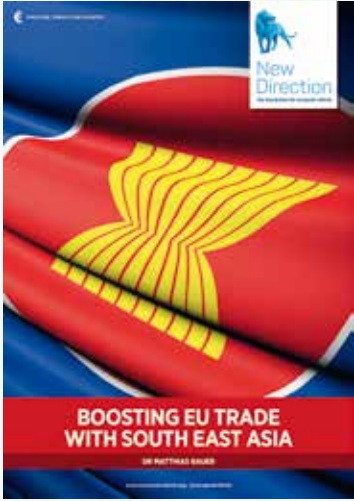
Israel. I thank them for their commitment and support to our political family in the past, and believe that following the election result, our friendship and cooperation will continue to move forward in the future. I look forward to consolidating the close cooperation that exists between the ACRE and the Likud Party, and assure them of our continuous support." Mr Netanyahu must still form a coalition, but by all accounts he will maintain the same one with which he entered the election. ■

New Direction report

BOOSTING EU TRADE WITH SOUTH EAST ASIA

Europe is still coming to terms with the consequences of the biggest economic crisis since the Great Depression. Certain EU economies are only now returning to pre-crisis levels of growth. Others continue to struggle to find the path back to sustainable economic growth. Driving growth is imperative, and the best driver is trade. Reducing the cost of trade by the elimination of tariff and non-tariff barriers, ensuring trade regulation is fit for purpose, and removing subsidy distortions can help trade grow. The more trade, the more economic development, the more jobs in the economy, and the greater the

contribution to the broad well-being of society. Over the next 20 years, 90% of global growth is expected to come from outside the EU. It is therefore essential to leverage the value and attractiveness of the EU's single market and its 500 million consumers to secure bold new trade deals with the rapidly growing economies beyond our own shores. In this report, leading economist Dr Matthias Bauer of the European Centre for International Political Economy (ECIPE) shines a spotlight on trade prospects with the nations of South-east Asia. As a potential market of more than 600 million individuals such a trade agreement has the potential to drive economic growth both here and



there. The report is not just an academic exercise, however, instead it sets out a series of recommendations that can make such trade link a reality. ■



WE MUST ACT NOW TO SAVE THE BALTIC



Richard Milsom
ACRE Chief Executive

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Preservation of the Baltic, both environmentally and in terms of security, should be a top priority in the years to come.

The Baltic Sea has been an important life line for Sweden and the other nations around it. Since ancient times, when the first Nordic people moved into the region, the Baltic has been a vital source of food, trade and security.

Throughout the early Middle Ages, Scandinavian traders built a commercial empire around the Baltic coast, founding settlements along the sea line that would one day become the foundations of countries like Russia, Finland, Estonia, Sweden and Denmark.

From the 13th Century onwards, the Baltic would again grow in importance for the entire of Northern Europe as the Hanseatic League became one of the worlds first free trade areas. The transfer of goods along its shipping lanes would see Northern Europe become the economic powerhouse it would continue to be up until the present day.

Trade continues to play an important role in the region, with Maersk, the largest shipping company in the world, headquartered in the former Hanseatic city of Copenhagen.

The Baltic takes on a further importance when it comes to security. As we all know, Russia is a Baltic state. It's largest naval ports are on to the Baltic. Both Kaliningrad and St Petersburg are bases for large numbers of warships, submarines and troops. And be under no illusion, they continue to have malicious intent when it comes to their neighbours in Estonia, Latvia and Lithuania. Just look at their actions in Ukraine and Georgia.

And lets not forget about the constant sightings of Russian submarines off the coast of Sweden. As recently as October last year, there have been sightings in Stockholm harbour. And in 2014, the Swedish Navy launched a large scale search for similar

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vessels. It's time to tell Russia, enough is enough.

It's easy to see, how important the Baltic is for commerce and security, but what is not often seen, is the toll that humans have had on this body of water. Irreversible damage has been done to the Baltic over a number of years, from munitions dumping to over fishing.

Perhaps one of the worst culprits in all of this is Russia. They are currently polluting the Sea itself through organised negligence. Russia pours a daily dose of 150,000 cubic meters of raw sewage into the Baltic. That's the waste of 450,000 Russians and their industry.

This raw waste causes mass algae bloom. Which in turn uses up all of the oxygen in the water. As a result, the fish in the Baltic are suffocating because of Russia. Herring and Cod, both staples of the Baltic fishing industry, are dying out.

What's more, is it is no longer safe to swim in some parts of the Baltic as a result of this. Meaning that the tourism industry is being damaged just as much as the fishing industry.

This is perhaps one of the most understated environmental disasters of our time. And it is for us to ensure that we can take the moral high ground. As conservatives, we must ensure that we take good care of our waterways and the wider environment. If not for future

generations, but to make an example out of Russia.

And as conservatives we are the heirs to a great tradition of conservation and environmentalism. From Republican President Theodor Roosevelt in America establishing the National Parks system to the concerted efforts of European conservative governments today banning single use plastics to clean up our oceans. We have always led the charge.

Whilst the greens cause disruption and protest, we legislate and deliver results. It was after all a Conservative MEP who managed to update the Carbon trading scheme. It was a Danish conservative who recently passed through changes to EU regulations governing the transport of live animals in order to protect their welfare. We have been and will continue to the lead the debate when it comes to sensible and sustainable green policies.

But it's not just government that holds the answer to our environmental problems. Responsible businesses and private citizens can also make a big difference.

New start ups appear every day promoting smart solutions to end our dependence on single use plastics and to clean our oceans. From biodegradable water bottle, to disposable plates made out of plant matter, the market can provide affordable alternatives.

And after all it is the free market that has given us companies like Tesla, that are producing electric cars for the masses and driving innovation in energy storage technology. And because of Tesla, electric cars are going mainstream. 39% of new car purchases in Norway in 2017 were electric cars. The International Energy Association estimates that by 2030, there will be another 220 million electric cars on the roads.

Voluntary society is also providing us with solutions to cleaning up our oceans. Take the Ocean Clean Up project for example, started by a Dutch teenager in 2013, it raised over \$2 million in funding via crowd funding websites, and today has grown to win corporate backing. This project has made huge inroads into cleaning up the Pacific Garbage patch.

Hunting is another unexpected source of good practice when it comes to conservation. Hunters are some of the best conservationists in Europe. Because without wild spaces such as thick uncultivated forests, there is nowhere to carry out their sport. Ownership of the land by hunters has protected it from being built on. And what's more, they do more work than anyone else to ensure that the nature returns to these areas. That's why we must protect Europe's hunters from meddlesome and poorly thought-out regulations.

Finally smarter technology in the energy industry means that we can cut down our reliance on fossil fuels. In particular Nuclear Power is now safer than ever before and could provide us with almost unlimited green energy. If the political will was there, nuclear power could fuel Europe with few side effects.

Preservation of the Baltic, both environmentally and in terms of security, should be a top priority in the years to come. ■



THE MAGICIAN



Photo: Shutterstock.com



Eli Hazan
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Since 1992, one of the conditions for a center-left victory in Israel was that the candidate for prime minister was a former Chief of Staff. This time, the Blue and White party was led by not one or two, but three former chiefs of staff. Over the past ten years, the Israeli left and media developed an image that Israel is a terrible place to live. Prime Minister Benjamin Netanyahu faces three indictments pending a hearing. The right-wing bloc came to the polls when it was divided into several small parties struggling to reach the 3.25 percent election threshold. Despite all of these challenges, Netanyahu won a fifth (fourth consecutive) term, and he will soon present his coalition.

So, how did this happen? How is it possible that despite everything described in the international media, the Israeli public trusts Netanyahu over and over again? In order to understand the answer, we must put the media and external criticisms aside, collect the facts and see the wider picture. After we piece together the puzzle, we will understand that Netanyahu is actually a magician.

The Israeli public is moving rightward

From 1948 to 1977, the Labor Party controlled Israel. It created a state out of nothing and achieved miraculous accomplishments, but simultaneously discriminated against Jewish immigrants from Arab countries. Labor ran Israel in what appeared to be democratic, except it excluded right-wingers. Its economic system was socialist and gave special political and economic status to those close to power. But the victory of Menachem Begin and the Likud 42 years ago changed the world: Israel developed economically and new elites were born. Those who had been excluded and ignored became an integral part of the government. Israel became much freer and pluralistic.

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So, how did this happen? How is it possible that despite everything described in the international media, the Israeli public trusts Netanyahu over and over again?

But it's not only about Menachem Begin and his leadership. Another event that cannot be forgotten is the signing of the Oslo Accords in 1993. The Labor government of 1993 signed a political agreement with the hope of establishing peace with the Palestinians. The right and specifically Netanyahu warned that an agreement with a terrorist like Arafat would endanger the country and not lead to the desired result. The five years of the al-Aqsa intifada and almost 1,500 Israelis murdered proved that Netanyahu was right.

Since 2009, the Israeli left has not succeeded in beating Netanyahu at the ballot box, so instead they began putting pressure on state institutions by publishing fake news claiming that Netanyahu is a criminal. Mass demonstrations by left-wingers, along with pressure from left-wing politicians and left-leaning media, led to the Attorney General's decision. It should be remembered that since 1997, the Prime Minister has been charged with 19

different allegations, 16 of which were closed and the other three were subject to selective enforcement, distorted interpretation and a complete disregard of facts, and they too will end up being nothing. The Israeli media and left chose to ignore this, but many Israelis preferred to focus on this and vote for Netanyahu.

Netanyahu led an economic and political revolution

When Netanyahu returned to power in 2009, Israel was ranked 43rd in the world economically with an income per capita of \$28,000. Thanks to Netanyahu policies, Israel jumped to 25th place with income per capita now being more than \$40,000, ahead of many European countries. Unemployment fell to a time low and the wealth gap shrank to the lowest it's been in two decades. Moreover, Israel is a country of almost 9 million inhabitants, but its exports have grown from \$ 60 billion a year to \$ 110 billion. Netanyahu decided to invest huge sums in the development of cyber and hi-tech and he placed Be'er Sheva, a neglected city at the edge of the desert, at the forefront of the frontier. At the same time, he invested huge investments in transportation infrastructure that completely changed the periphery in Israel. It's important to note that the residents of these cities are the very same people that were ignored by leftist governments and thanks to Netanyahu's free market policy, they became financially successful. That does not mean there is no poverty in Israel, but it is dramatically declining. One of the indicators is the global wealth index: Israel was ranked 13th.

And yet, Israel is suffering from expensive housing and a high cost of living. In recent years, Netanyahu has led a policy of reducing regulation and bureaucracy while opening the market to competition. This comes at a time when the Israeli left is encouraging the very opposite. For example, Blue & White's candidate for finance minister was the chairman of the Histadrut, the national trade union in Israel that empowers monopolies, opposes opening the market to competition, and supports the very stakeholders maintaining the cost of living.

Netanyahu also led a diplomatic upheaval: Arab countries previously opposing Israel became allies against Iran. Some Arab countries even import gas from Israel. Netanyahu led a diplomatic revolution, including the rapprochement with Russia, China, South American countries, and assistance to African countries. Of course, this was done alongside the strengthening of relations with the United States and European countries, which were traditionally friendly to us.

Looking at the overall picture, it is not hard to understand why Netanyahu is considered a magician. This July he will break the record of David Ben-Gurion as the prime minister who served in office the longest, and we have no choice but to ask what other records he can break? ■

THIS TIME I'M VOTING EUROSCEPTIC



Photo: Depositphotos.com



Peter Lundgren
Member of the European Parliament and delegation leader of Sweden Democrats

On the April 18th the European Parliament launched the platform thistimeimvoting.eu in 24 languages. The parliament terms the operation a pan-European, grass roots campaign of volunteers to get more people involved in the European elections with the purpose is to encourage as many as possible to vote. Supposedly it is a non-partisan community, dedicated to raising democratic awareness. But that can be questioned.

Given that it is financed and organized by the European Parliament is it really is a grass roots campaign or is it more of a masked publicly financed federalist movement. How, for example, were the over one hundred and fifty thousand volunteers in all member states recruited. And, was there no fear that the volunteers, who signed up to persuading people to vote in the European elections on 23-26 May 2019 and to mobilise their families, friends, neighbors and communities to do the same, would be recruited primarily from those already convinced of the blessing of the federalist project. Furthermore, how neutral can thistimeimvoting.eu when the Parliament's liaison offices in the member states acts as the information hubs and supports public debate by offering local platforms, easy-to-access online tools, seminars and information material. The quick-response services, available in all languages, for example, is named “What Europe does for meyou” not “How much does the EU cost meyou”.

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We should do everything we can to oppose the use of institutions that should be neutral in the elections for party political purposes.

By now we are all used to the constant campaign to promote the European Union. All project funded by the European Union must use a part of the funds the receive to promote the Union and to paint the institutions in a positive light. Because of the already low and continuously falling turnout in each election threatens the democratic legitimacy of the entire project we have been forced to get use to the publicly financed get-out-the-vote operations in European elections. This, essentially, is political propaganda to change the minds of the citizens financed with the taxes the citizens pay.

The European Parliament's Bureau – made up of senior MEPs; essentially the leaders of the EP – in 2017 planned a taxpayer-funded campaign to dissuade people from voting for Euroskeptic parties in the elections. The leaked internal strategy memoranda penned by the European Parliament Secretary-General Klaus Welle recommended meddling directly in the election campaign to try and hinder the rise of Eurosceptic parties. The aim was “to bring voters to the polls, but also

convince them to support the European project.” The strategy was to use tax payer funds to and the power of the EU institutions to intervene in support of a particular political outcome rather than simply supporting the democratic electoral process and remaining neutral in the contest among parties and candidates.

The Klaus Welle's strategy document noted that a lower turnout potentially would favour Euroskeptic parties. Thus, the supposedly neutral get-out-the-vote efforts has the effect of supporting federalist parties that can't convince their own voters to go to the polling booth. That in itself says something about the European project. A central element of the strategy was to focus on people who “look favourably” on the EU but don't vote in European elections. The rapport identified as “employed professionals” and “management” as “opinion-makers”, as well as young voters and students as those that were to be influenced. The Parliament aimed to “maximize cost-free media coverage” and to use the institutions to persuade journalists to report on stories in a favourable light. The report notes that “Media do not need ready-made material but they do require good stories and guidance ... Media are key allies in building a positive narrative about the EU”.

There have been other changes that affect the election. The Code of Conduct of the European Commission use not to permit Commissioners to stand as candidates without having to immediately give up their seat in the Commission. This has been changed so that Commissioners now can run without giving up their wages, benefits and perks. And, who does the work of the Commissioner when he or she is out campaigning while being paid by the taxpayer. Another change, supposedly to make the European elections more transparent for citizens and to give them a clear idea of in what direction the various political groups want to take Europe, is that the so called European political parties have been given even larger amounts of financial support from the EU budget to run their campaigns. Most of these parties – an overwhelming majority in fact - are in favour of an ever-closer union.

It is immoral and undemocratic to use the funds taken from the tax payers to fund federalist (or Eurosceptic) campaigns. Every genuine democrat should be appalled by this undemocratic mindset and we should do everything we can to oppose the use of institutions that should be neutral in the elections for party political purposes. ■



DEFENDING BULGARIAN INTERESTS AT HOME AND ABROAD

Angel Dzhambazki

Bulgarian voters should be forgiven their general lack of interest in European affairs, as they are no different from anyone else when it comes to the trend across the continent. Decades of bland bureaucracy have numbed Europeans' interest to European politics. The trend however is changing and Bulgarian Members of the European Parliament (MEP) are at the forefront of familiarising Bulgarians with the decision making process inside the Euro-bubble.

Angel Dzhambazki, became interested in politics as a law student, when he joined VMRO, a political organisation created in the late 19th century with the aim to unify the Bulgarian lands that remained under foreign rule after liberation from the Ottoman Empire in 1878. Nowadays, VMRO is considered a political party promoting patriotism, traditionalism and conservatism. On the EU, the party stands on a platform of increasing democratic accountability and transparency whilst trying to achieve meaningful reform to the EU. In 2009 Dzhambazki was elected Vice President of VMRO.

After a 7-year long term as a city councillor of Sofia, in 2014 Angel Dzhambazki became Member of the European Parliament. Since then, he has achieved a formidable record as the most active* Bulgarian MEP. In the European Parliament, Dzhambazki defends the idea of European Union of sovereign nations and vehemently opposes any attempt of entrusting the European Institutions with additional powers. Currently he is a Member of the Bureau and Deputy-Chief Whip of the ECR Group, ECR Group Coordinator in CULT and JURI, Vice-Chair of the Delegation to the EU-North Macedonia Joint Parliamentary Committee, as well as Substitute Member in AFET and SEDE.

Through his active work in the European Parliament, Dzhambazki has

refreshed the debate about European politics in his home country. With the imminent European Parliament Elections in May 2019, the political deliberations in the country are more focused on the European Union than ever. Usually in past European Parliament elections, the focus of political disputes has been on national political issues. Dzhambazki, however, has used his and his party's popularity to shift the focus towards the future of Europe. A future in which the EU is reformed to allow respect of sovereignty of Member States and where Europe is safe and secure.

Coming from one of EU's external border countries, Dzhambazki is a strong opponent to illegal migration. According to him: 'The open internal borders of the EU are the biggest asset that we have. It enables EU Citizens to travel freely and the single market to function unhindered. However, in order to keep the internal borders open, we have to be very clear about the defence of the external borders of the EU.'

Furthermore, Dzhambazki has been an active defendant of the EU integration of the Western Balkans. Prior to the Bulgarian Presidency of the Council of the European Union, he successfully managed to convince Bulgarian leaders in government to include said integration as Bulgaria's top priority during its Presidency as Western Balkan integration to the EU will open new markets, promote security in the region and facilitate new infrastructural projects.

Many Bulgarians consider themselves patriotic and with traditional and conservative views. This gives high hopes for VMRO for the forthcoming European Parliament elections in May 2019 with Angel Dzhambazki being re-elected for a new term. Bulgaria needs MEPs like Angel Dzhambazki to defend the Bulgarian interests and position in Brussels and Strasbourg and to promote the need for EU reform. ■



Photo: European Parliament Media Centre

HIGH-PROFILE EPP MEP FROM FORZA ITALIA, JOINS ECR

Elisabetta Gardini



Photo: European Parliament Media Centre

On 16 April the ECR Group had the pleasure of announcing a recent addition to the growing ECR family. Elisabetta Gardini, a high-profile politician in the EPP Group and Forza Italia leader in the European Parliament, published the news on her personal website during the Strasbourg plenary. She stressed that it was with great sorrow, and after long reflection, that she had come to the decision that the political path taken by Forza Italia in recent times – putting the interests of the EU ahead of those of Italian voters – was one that was destructive for the nation. And for this reason she had to choose another path.

Elisabetta Gardini is a veteran politician who first ran for office in the general election of 1994. Even before this, however, she was a successful and well-respected television host and actress, appearing on the popular television shows *Unomattina* and *Europa, Europa*, and starring in the leading role

of the series *Una donna per amico* as Laura Andrei.

In 2004 Berlusconi selected Gardini as spokesperson of Forza Italia. Gardini was elected to the Regional Council of Veneto in 2005 and to the Chamber of Deputies in 2006. In 2008 she replaced Renato Brunetta as MEP, and the year after she was elected for full term with The People of Freedom. In the 2014 European elections Gardini was not only re-elected, but also appointed leader of the new Forza Italia in the European Parliament.

As a member of the EPP group, Gardini fought passionately for national sovereignty, defending Hungary in the debate on Article 7. Gardini rightly pointed out the political agenda in the debate, and highlighted the hypocrisy of the fact that several other Member States' severe wrongdoings had been passing without consequence. The Conservative and ACRE are delighted to welcome Elisabetta Gardini to the ECR family. ■



“Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular”

So wrote Lord Macaulay, the poet, historian and politician, in 1824. His words were true then and are, if anything, even more true today. Which is bizarre when we consider the improvement that free trade has brought to the human condition during the intervening two centuries.

As Deirdre McCloskey, who writes in this special issue, has chronicled at length, the last two centuries have seen a rise in living standards on a different scale from anything homo sapiens had experienced up to that point. In Macaulay's time, almost everyone subsisted on around \$3 a day. The life of a peasant farmer in Poland or Ethiopia or India or Japan would have been recognisable to his Iron Age ancestors. Since then, our species has increased its wealth by, at a conservative estimate, 3000 per cent.

True, there are still a few unfortunate souls living on \$3 a day. These wretches are overwhelmingly concentrated in countries that have refused to join global markets. North Korea, for example, regards self-sufficiency (“Juche”) as the supreme goal of public policy.

Yet clever people continue to campaign against an economic system that eradicates poverty wherever it is practised. In industrialised countries, the fear is that free trade will shift jobs to places

with lower wage levels; in developing countries, that wealthy corporations will take over. Both fears were logically disproved 200 years ago by David Ricardo; and yet, they linger. Why? Why do rich countries elect protectionists like Emmanuel Macron and Donald Trump?

Why do poor countries cling to the policies that are demonstrably arresting their development?

There are three explanations, one psychological, one aesthetic and one political.

First, free trade is counter-intuitive. Our hunter-gatherer instinct is to provide against famine, to hoard. The idea of depending on others for basic necessities feels wrong. Never mind that Singapore, which imports even its drinking water, transformed itself from a mosquito swamp into a gleaming city state simply by dropping barriers to trade. Such facts are up against millions of years of evolution.

Which brings us to the aesthetic objection. Our children's homework are full of stories about nasty corporations exploiting textile workers in Bangladesh and Vietnam. Sure, you and I wouldn't want to work in a Vietnamese sweatshop. But we have not spent our lives bending our backs in rice paddies. We have not fled villages that lacked electricity, clean water and schools. Employees of foreign

companies in Vietnam earn 210 per cent of the national average income, and their wages are rising. It's the political objection, though, that motivates the Trumps and the Macrons. Free trade brings dispersed gains but concentrated losses. Importing, say, cheap Chinese steel will make almost everyone a bit better off, as prices fall, productivity rises, new jobs are created and money is freed up for other things. But voters, being human, will attribute that rise in living standards to themselves, not to free trade.

The losers, by contrast – the small number of workers in industries that are undercut – will blame the government and vote accordingly.

Can free traders win? Yes. It's precisely the counter-intuitive ideas that can be proved with logic. Aesthetic objections to the industrialisation of the Third World (“poverty, to be scenic, should be rural”, as the Victorian novelist Anthony Trollope put it) are not shared by the workers in those industries, who compare their lives to their parents'. And the political objections crumble in the face of success. No one in Hong Kong or New Zealand seriously wants to go back to tariffs.

In short, we have the better songs, some of them in the pages that follow. So, take a deep breath, and start singing. ■

HOW TO MAKE A SUCCESS OF BREXIT

Imagine Britain is simply left with no agreement. What would occur?

EU citizens would continue as now with de facto rights of abode, provided similar rights accorded to our citizens. Free migration from Europe would stop. Britain would pay the EU no money, as it is at liberty to do.

But what about trade? Would Britain not face trade barriers selling into the EU? And would Britain not impose similar barriers to their exports sold to us? Would all this not destroy the British economy? This is where the misunderstandings come thick and fast, for two reasons. On the British side, we have never much thought about these matters, as they have all been handled by Brussels on our behalf for the past 45 years. On the EU side, a view of trade rules that says “exports good, imports bad” – the doctrine of mercantilism; so they believe that, as their exports to Britain are a smaller percentage of their GDP than Britain's to them, we must come off worse if trade barriers go up between us. Yes, they will suffer but Britain will suffer more because of this preponderance of British sales to the EU in the economy.

Matters have not been helped by the adoption of similarly mercantilist thinking by the Treasury and its allies in the IMF, the OECD, the NIESR and the LSE. This has come in the guise of a “gravity” model which alleges that the UK cannot easily sell more on world markets and hence should put its efforts into selling to the EU, its closest and most “natural” market. This model, highly fashionable among trade economists, implies that protection is often a good thing and EU protection boosts British own industries selling into Europe. It assumed that British industries have monopoly positions where we currently sell and face monopolies in other markets.

Just as Keynesianism captured the economics profession after the war and took a lot of dislodging in favour of the return to classical thinking about money, inflation and the economy, so in trade this neo-protectionist view has displaced the classical view that world markets are competitive and that a country's exports to these markets depend on its comparative advantage created by supply-side factors such as market openness and supplies of skilled labour. Yet it is plain enough that with the advent of globalisation and the elimination of distance by containerisation we live in a world well described by the classical view. This is why the government of Theresa May has proclaimed that it will pursue free trade as the post-Brexit policy. Both policy common sense and the evidence favour this approach. How else would one account for the huge rise in British exports of services around the world, and especially to America and other non-European countries? Gravity modellers claim that trade patterns following “geography” prove that their model is right. It does no such thing, as the same broad patterns also emerge from the classical model. What differs in the classical model is the causal competitive process, which conforms to a market-orientated view of the economy and also accounts for such crucial factors as the boom in UK services trade.

Now consider how the classical model treats the Brexit question. The key element is the high rate of European protectionism on food and manufactures. This erects a peripheral wall around the EU, keeping up the prices of imports from the rest of the world and so raising prices to EU consumers for not just imports but all EU-made products competing with them. In both sectors the protective rate (from tariffs and non-tariff barriers) is around 20 per cent, raising UK consumer prices by around eight per cent. This in turn artificially boosts farming, the price of land and the inefficient parts of the manufacturing sector. By removing it with Brexit and going to free trade Britain would reverse this and in the process raise consumer welfare and productivity, with a four per cent boost to GDP.

As for British farmers, after Brexit they will face world prices: protection of the CAP and high EU tariffs will be removed. They will sell on world markets for food instead of on European markets where prices are artificially raised. So EU tariffs on British farming are simply irrelevant. Britain will revert to helping struggling farmers whose activities are necessary for the rural environment directly from the public purse. Britain has many large and efficient farmers who will change their practices and adapt by raising productivity.

So no deal is better than a bad deal. Indeed, what the above shows is that no deal is better than any deal. But of course Britain will try to get a sensible EU deal in good faith, simply to maintain good relations even if it is not so sensible in pure economic terms. ■



Patrick Minford

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There are two routes to free trade: a negotiated route via Free Trade Agreements, with the EU and then with significant others, and the route of unilateral elimination of our own protection, such as happened in 1846 when Peel abolished the Corn Laws. He got fed up with foreign recalcitrance over reducing trade barriers and simply struck out with unilateral free trade. Modern Britain too could well get fed up as the mercantilist EU insists on special demands for its industries or its migrants and even other countries hold out for demands Britain cannot meet. The FTA route to free trade depends on others cooperating in genuine free trade.

It might just work and go well. One could hope so.

But realism suggests it could get bogged down and derailed. So suppose it falls at the first fence, with no EU deal. What is the UK's best option? It is to go unilaterally for free trade, with the gains described above. Britain would simply say to Brussels: look, we abolish these barriers against you anyway and by implication under WTO rules we will do so against all others too. We thus reduce consumer prices, increase competition and productivity and boost GDP.

Yes, the EU would levy its tariffs on our exports. Yes, other countries would maintain their existing tariffs against us. But in a competitive world market where Britain would be selling at world prices, this has no effect on Britain's national welfare. The reason is straightforward: these world prices reflect world demand and supply and the EU tariffs do not affect the EU's total demands and so do not affect world prices at all. All they do is cause EU demands to move towards home products away from us, but as they do so their home output is now not available in third markets where Britain will make up the deficit.

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The UK's best option? It is to go unilaterally for free trade.

The EU tariffs are as it happens rather low – around 3.5 per cent on manufacturing industry. We estimate that they can easily absorb this cost in the short run when sterling is low and boosting their profits; and in the long run they can raise productivity to offset it.

As for British farmers, after Brexit they will face world prices: protection of the CAP and high EU tariffs will be removed. They will sell on world markets for food instead of on European markets where prices are artificially raised. So EU tariffs on British farming are simply irrelevant. Britain will revert to helping struggling farmers whose activities are necessary for the rural environment directly from the public purse. Britain has many large and efficient farmers who will change their practices and adapt by raising productivity.

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FREEDOM GIVES ORDINARY PEOPLE THE BOLDNESS TO INNOVATE

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All around the world, politicians are punished for pursuing international free trade – for not putting America or Britain or Moldova first. That is the way voters divide up, and always have done. Trumpism is nothing new. English medieval guilds defined “international” as “anything outside Norwich” and applied tariffs to match. The United States was fixated on not having Norwich-type traffic between states – but in international terms it was protectionist from the beginning, encumbering its small international trade with “scientific” tariffs.

Yet the distinction between domestic and international free trade is really nonsense. What matters, and has always mattered, is freedom to trade, tout court. Free trade, with no additional adjectives, is a good principle at every point on the scale, from your household up to the World Trade Organisation.

The Blessed Adam Smith described it as “allowing every man [and woman, dear] to pursue his own interest in his own way, upon the liberal plan of equality, liberty, and justice.” If you are not allowed to set up as a professional economist because the state requires an expensive licence and an oath of allegiance to free trade, you are not being allowed to pursue your own interest – an interest that benefits the voluntary customers of your splendid economic advice.

In other words, freed international trade is merely an application of the principle of non-violent agreements, exchange-tested betterment. We call it liberty. By a voluntary agreement between me and thee, we are better off.

The state does not “protect jobs” in any useful way by stopping trade, any more than you would if you refused to trade with your grocery store or your employer. Grow your own wheat. Make your own accordion. The Trump administration’s recent indignation against Canadian “dumping” of lumber is silly. For one thing, if Canadians want to subsidise American consumers by letting Canadian forestry companies harvest timber on public lands for free, good on them,

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Allowing every man [and woman, dear] to pursue his own interest in his own way, upon the liberal plan of equality, liberty, and justice.

and good on us Americans, who get the cheap lumber. For another, the more expensive lumber favoured by the new and notably gormless American secretary of commerce will hurt other Americans. If the UK protects British steel makers, British users of steel are made worse off.

“Protecting jobs” is a fool’s errand. On his trip to China, Milton Friedman was shown an excavation. He asked why there was no mechanised earth-moving equipment on the site, only shovels. The Communist party official replied proudly that this meant there were more jobs. “Oh, I see,” said Friedman. “In that case I have a proposal. Take the shovels away and give them all teaspoons. That way there will be even more jobs.”

The two ways of organising human life are through voluntary agreement or violent coercion. Yes, we need some coercion, for the defence of the realm and protection against domestic force and fraud. But we do not need it in the economy. No tariffs. No licences. No prohibiting of earth-moving equipment and other “robots”. My little canary-yellow car in Chicago has a bumper sticker recommending “Separation of Economy and State”. As John Stuart Mill put it in On Liberty, “society admits no right, either legal or moral, in the disappointed competitors to immunity from... suffering; and feels called on to interfere only when means of success have been employed which it is contrary to the general interest to permit – namely, fraud or treachery, and force”.

Another way to reckon the good of liberty



Deirdre Nansen McCloskey

Her latest book is *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (2016)

in trade, the Professional Economist’s way, is to speak of marginal ups and downs of the liberty: higher or smaller tariffs on Tatsuro’s car, say, or less or more stringent licensing of foreign doctors practising in London. The watchword in such economics, which I have taught with enthusiasm for 50 years, is efficiency. It is splendid that goods and services are provided in the cheapest way that present technology allows. We reap numerous, if modest, efficiencies from it.

But such efficiencies from marginal changes are, well, marginal. The huge pay-off from Smith’s formula of social equality, economic liberty, and legal justice – as he himself did not realise – comes from future technologies, what the so-called Austrian economists call “discovery”. Not mere shuffling, but very large novelties.

How large? Since 1800, Britain, Japan and Sweden have created a rise in goods and services per person of at least 3,000 per cent. If the improved quality of those goods is acknowledged, such as better medicine and speedier transportation, the figure is more like 10,000 per cent.

Why? It happened, and will go on happening, because Smith’s “liberal plan” was adopted more and more widely. Equality, liberty, and justice made ordinary people bold: bold to venture, to have a go. Of course it was imperfect. But even such an imperfect liberalism was epoch-making.

All of which is to say that liberty in society, politics, and law, expressed in liberal economic policies, made us rich. Not governments. To quote Smith again, “it is the highest impertinence and presumption... in kings and ministers, to pretend to watch over the economy of private people”. When the French minister Colbert asked the bourgeois in 1681 what L’État could do for them, they replied, Laissez-nous faire. Let us do it. Indeed. ■

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of GATT – “a substantial reduction of tariffs and other trade barriers ... on a reciprocal and mutually advantageous basis” – it could be possible to negotiate trade agreements based on mutual recognition of regulatory systems, rather than regulatory harmonisation.

Such trade deals would help advance not more regulation, as is the case with harmonisation, but less onerous regulation as a result of competition. Moreover, if a principle were to be set that countries that meet certain minimum but exacting standards for stable business environments could join the club, it would encourage economic liberalisation in other areas worldwide. Requirements should include recognition of private property rights, strong rule of law and contract protection. Meanwhile, reduced regulatory burdens would enable greater economic growth by allowing creative destruction to give many countries’ economies a necessary shake-up.

Such a new world trade order is plausible, but it would require a radical change of approach from developed world governments. ■



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WHO SAID THERE WAS ANYTHING FAIR ABOUT TRADE?



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Donald Trump has repeatedly emphasised his preference for “fair trade” while casting doubt on the desirability of “free trade”. In his address to a joint session of Congress on 27 February, the president said: “I believe strongly in free trade, but it also has to be fair trade. It’s been a long time since we had fair trade.”

This may be news to the White House, but the world has never experienced a trading environment that has been entirely fair. What’s more, a country doesn’t need to worry about what other nations are doing in order to experience free trade – all it has to do is keep its borders open to imports.

First, unfairness. It’s generally accepted that life itself is unfair. Thus it should be no surprise that world trade also is unfair. Manufacturers and workers facing competition from imports are unlikely to see the situation as fair. Likewise exporting firms dealing with other countries’ import restrictions. Fairness and unfairness are very much in the eye of the beholder.

America has been dealing with trade unfairness since its early history. The Navigation Acts, imposed under English law, required all imports to be purchased from Britain. Tea from India or wine from France could enter the North American colonies only after it had cleared customs in England. Not surprisingly, many colonists found this policy to be both costly and unfair.

Recent years have witnessed an abundance of unfairness in world trade. Japan has used regulatory policies to discourage importation of automobiles. The European Union has applied food safety standards not based on science to keep out genetically modified corn. China has used industrial planning and subsidies to encourage growth in its steel industry, thus leading to massive exports. The United States has imposed 388 antidumping or countervailing duty (AD/CVD) measures to restrict the importation of products that the Department of Commerce deems to be traded unfairly. And AD/CVD restrictions themselves are seen to be unfair by the people who pay the costs.

If trade often is not fair, can it still be beneficial? Building on Adam Smith’s earlier work, David Ricardo answered that question 200 years ago by articulating the concept of comparative advantage. Ricardo observed that it made no economic sense to pursue self-sufficiency, because no nation can do everything well. Rather, countries should specialise in activities at which they have the strongest relative advantages, then trade to obtain other needed goods and services. Trade based on comparative advantage allows resources to be put to their highest-value uses, which helps to spur economic growth.

So, what is free trade? It does not depend on whether the policies of other countries are good or bad, or even whether they are fair. In fact, free trade is not about what other countries do at all. Rather, it exists when a country allows its own citizens the opportunity to buy and sell

in the global marketplace without restrictions. People’s living standards rise when they have open access to millions of products, services, and customers available in the world market.

Judged by that criterion, the governments most committed to free trade are in Singapore and Hong Kong, cities with few natural resources that have become two of the wealthiest places on earth. Open markets played a major role in building that wealth.

Despite having an economy that is generally market-oriented, the United States can’t really call itself a free trader. It restricts imports through numerous tariffs, duties, quotas and other policies. From the perspective of individuals and businesses disadvantaged by these trade-distorting policies, they seem neither free nor fair.

Economists across the political spectrum agree that removing import restrictions always increases a country’s economic welfare. The gains to consumers are greater than any possible losses experienced by firms that compete against imports. In other words, the United States would be better off ending its tariffs and other import restrictions unilaterally, as Singapore and Hong Kong have so admirably demonstrated.

It’s time to rethink the trade policy status quo. Instead of maintaining trade restrictions to punish another country for selling low-priced products, the strategy should be to eliminate import restrictions to take advantage of the other country’s foolishness. If a country is willing to transfer wealth to America by selling items at artificially low prices, perhaps it would be best just to buy them and say, “Thanks!”

But what about firms and workers that compete against unfair imports? Don’t they deserve help? Perhaps, so long as that help doesn’t involve trade-distorting subsidies or import restrictions. Governments may wish to encourage firms to restructure or to adopt new technologies. Workers who lose their jobs may benefit from some combination of unemployment compensation, educational support, and relocation assistance. The goal should be to facilitate the transition to new employment.

President Trump and other free-trade sceptics fail to understand the true beauty of open and competitive markets. A country that allows goods and services to flow freely across its borders creates a climate of opportunity for its citizens. Free trade is an approach to trade policy that a country adopts for its own benefit, regardless of what other nations may be doing. It is something we can and should do to help ourselves. ■



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It’s time to rethink the trade policy status quo. Instead of maintaining trade restrictions to punish another country for selling low-priced products, the strategy should be to eliminate import restrictions to take advantage of the other country’s foolishness.

TRADE LIBERALISATION WILL BE MESSY - IT ALWAYS IS



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Whether or not you think Brexit is a good idea, it affords the United Kingdom new opportunities, including in the area of trade. By acting on its own, instead of having to reach a common negotiating position on behalf of 28 countries, Britain can become a voice for trade liberalisation across the world.

In one way, the stars seem to be aligned. In Washington, the new administration is interested in simple bilateral deals, such as one between the United Kingdom and the United States, instead of complicated and opaque multilateral arrangements, often seen as infringing on national sovereignty. There is a strong constituency for fast-tracking the US-UK FTA, ready to enter into force as soon as Britain leaves the EU.

Walking away at the end of March 2019 with no deal would not be innocuous. It would be an act of gratuitous economic self-harm.

However, in order to capitalise on new opportunities, we must stay grounded in the reality of international trade. On the practical side, it is laudable that the British government is beefing up its capacity to conduct trade talks after a hiatus of over 40 years – for instance, by drawing on support from Commonwealth countries such as New Zealand, which has already seconded an official to help train the UK’s trade policy unit.

More importantly, the British political class must not dream about a new British Empire and recognise that trade liberalisation in the 21st century is rarely glamorous, involving hard political trade-offs and lots of tedium.

If there is one lesson from decades of research into international trade, it is the following. The size of trade flows between economies is determined primarily by their distance and size. Large economies trade more than small ones and geographically close economies trade more than distant ones. That pattern has not been weakened, as one would expect, by the dramatic fall of transport costs over recent decades.

For the UK, that means that its primary focus has to be on not disrupting economic integration with its largest trading partner, the EU. Walking away at the end of March 2019 with no deal would not be innocuous. Quite the contrary: it would be an act of gratuitous economic self-harm. The single European market, predicated on the principle of mutual recognition and on the alignment of regulatory practice, has led

to the development of production chains spanning multiple countries, shipping intermediate products back and forth across borders seamlessly.

For instance, while Guinness beer is brewed in Dublin, it is packaged at a Diageo facility in Belfast before being shipped back to Ireland. The Nissan factory in Sunderland is part of a much more complicated production network integrated through EU countries. If Britain were to just crash out of the single market, countless businesses would have to start working around costly certifications and inspections, both at and beyond the border.

The broader lesson is that as long as economies are governed by complex regulations, trade liberalisation will always be complex. Tariffs are at historic lows and quotas are practically non-existent. Explicit discriminatory measures break World Trade Organisation rules, inviting retaliation and legal proceedings. The biggest challenge for companies doing business across borders is therefore compliance with the countless environmental, safety and sanitary rules of different jurisdictions.

In a case cited by the Alliance of Automobile Manufacturers, for instance, a US company that sought to export a popular model of light truck to Europe had to create 100 unique parts, spending an additional \$42 million on design and development, and perform rigorous tests of 33 different vehicle systems – “without any performance differences in terms of safety or emissions”.

Free-market conservatives might deplore the rise of the regulatory state but it remains a fact of life across advanced industrialised economies. Even if Brexit leads, as some of us hope, to a bonfire of unnecessary red tape in the UK, the issue of divergence between regulatory regimes will remain at the heart of efforts to liberalise trade.

For free marketeers, the tool of choice when dealing with divergent regulatory regimes is mutual recognition. Applied consistently, it could lead to extremely simple FTAs bridging different regulatory regimes and fostering competition. In such a world, a drug approved by European Medicines Agency (EMA) could be marketed, say, in the United States without the need for further testing.

While mutual recognition has obvious appeal, its practical use has been limited to situations where governments see regulatory practices as closely aligned.



EU AND US SHARE COMMON CHALLENGES AND MUST ADOPT COMMON APPROACH



Emma McClarkin MEP

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It is often forgotten that the European Union and the United States have a shared view of global trade and those areas where they have so much to offer the global economy. Throughout my time in the European Parliament, I have championed the transatlantic relationship and the foundation it provides for global trade. The huge commercial relationship between our two economies demonstrates the desire for businesses on both sides of the Atlantic to invest and trade, and the huge potential to build closer relations.

It has always been my personal view and that of the ECR Group that the Transatlantic Trade & Investment Partnership (TTIP) represented a great opportunity for the EU and the US to be the standard-bearer for how nations do trade by setting the rules of the multilateral trading system. With a combined economic area worth just under half of the global economy, the rest of the world would follow the rules set by these economies. Alas, the EU shied away and made mistakes that prevented transatlantic trade with the US to prosper.

Whilst circumstances meant that a comprehensive EU-US trade agreement was not possible, it is the duty of keen advocates of the EU-US trade relationship to make the case for closer, stronger trade relations. For instance, transatlantic trade is the cornerstone of the global trading system and of economic and strategic significance to both the EU and US. Every day, goods and services worth €2 billion are traded bilaterally, promoting economic growth and supporting millions of jobs in both economies.

Yet, the nature of this trade is transforming and developing by the day. We operate in a complex global economy where sophisticated value chains stretch across borders. Trade is becoming more centred on digital platforms, data flows, and value-added from the input of services. These issues are exciting and challenge our preconceptions of conventional trade and we have so much in common to reap the rewards of harnessing these developments in trade.

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We must all work together to develop a common vision.

From negotiating ambitious provisions on data flows in bilateral trade agreements, to agreeing common positions on e-commerce at the WTO. There is a positive agenda we must pursue with vigour and conviction to enable cheaper products and greater choice for our consumers and opportunities to grow and invest for our businesses.

The adoption by the Council of the mandates for negotiations with the US is the first major step of this positive agenda. These mandates, one on tariffs on industrial products and another on conformity assessments, will not only help to de-escalate rising tensions, but more importantly will bring substantial benefits to EU businesses and consumers. For instance, the US applies some very high tariffs on manufactured goods such as clothing and footwear. The elimination of tariffs in these sectors would open up opportunities for EU exporters and increase the international competitiveness of our industries. In addition, our SMEs would benefit from the elimination of duplicate testing, inspection and certification requirements, possible with a conformity assessment agreement.

It is not overstated the importance of countries coming together to listen to the concerns the US has, and sharing ideas that will enable a way forward to emerge. Securing a trade agreement between the EU and the US will send a strong message, showing a united front against other actors in the world who purport to defend and uphold the international system, but instead seek to undermine it. In order to tackle head-on the challenges we face and the opportunities at our fingertips, we must all work together to develop a common vision. ■

It is very frustrating that it has taken nearly a year for the EU to move from initial discussions to adopting the mandates. Such delays indicate the EU has not learnt some key lessons from the TTIP negotiations to avoid making the same mistakes again. First, we must be clear about where our ambitions meet, and equally clear about where they diverge. Second, we must be proactive. It is the role of lawmakers and politicians to make sure SMEs are equipped with the knowledge and resources to navigate their way through new markets.

Moving forward with these negotiations is also important when looking at the bigger picture. With the growth of authoritarian and state-led economic growth around the world, more than ever it is vital that we, the US and the EU, make the shared case for free trade and a rules-based trading system.

The rise of China, from being a developing country, to a strategic competitor of the EU and the US, has significant implications for the global trading system. By nurturing and exporting an economic model that stifles competition, flouts open markets and prevents innovation, China has taken advantage of the rules-based system the US and the EU cherish. These issues are at the centre of many of the challenges today in the global economy – and should be at the centre of any solution too.

It is right both the EU and the US call out unfair practices when we see them – and respond forcefully. However, it is important that the EU and the US develop a common position that does not lock out China, but instead ensures it cooperates on systemic reform that will last.

To ensure that China plays by the rules, we must also look to see whether those rules and the system it creates are working as they should. It is clear that the WTO has not kept up to date with developing in global trade and has not created the framework to incorporate countries such as China to become open, thriving market economies, as many anticipated would happen.

The US and the EU agree that the WTO needs reform and modernising. These updates need to be anchored in stronger rules, rules fit for purpose for this century, anchored in issues like industrial subsidies and forced technology transfer. Both the EU and the US have published proposals and ideas on reform, which is welcome. If we can effectively reform and update the WTO, we can set the rules of globalisation.

It cannot be overstated the importance of countries coming together to listen to the concerns the US has, and sharing ideas that will enable a way forward to emerge. Securing a trade agreement between the EU and the US will send a strong message, showing a united front against other actors in the world who purport to defend and uphold the international system, but instead seek to undermine it. In order to tackle head-on the challenges we face and the opportunities at our fingertips, we must all work together to develop a common vision. ■



USA Ready for Trade

Ambassador Sondland’s Remarks at the European Parliament ECR Group Discussion on US-EU Trade - April 9, 2019

CONTINUED FROM THE FRONT PAGE

You might not appreciate the tactics being employed or the bluntness with which this administration speaks, but the time for politely demurring and turning a blind eye has long passed. The United States intends to address the fundamental inequities at the heart of trade in the 21st century, whether that’s through fighting unjustified, protectionist barriers; the exploitation of gaps in WTO rules; or non-market, state-led industrial policy that distorts the market.

In the U.S., while we are launching and finalizing major trade deals, some public, some not, while the EU struggles to reach agreement on negotiating mandates. To put it bluntly, we need Brussels to get its act together.

We are hard at work reforming the WTO, and restoring that organization to its original vision and function so it can work efficiently and effectively on behalf of its members. For instance, the Appellate body was originally charged with a very narrow mandate – simply to “secure a positive solution to a dispute,” and “...to assist the Dispute Settlement Body in discharging its responsibilities...” That was its narrow mandate. Instead, the Appellate Body has strayed from its mandate, allowing for “advisory opinions” that go beyond issues that need to be addressed in order to settle a dispute and instead make new laws to which members have not signed up.

We reject that narrative that we are somehow not committed to the WTO. In fact, I assert that we are among the strongest defenders of the institution.

Our long record of leadership at the WTO, however, makes us clear-eyed about the challenges ahead. In our assessment, Members are in the early stages of grappling with our collective failure to confront problems that have been growing for years.

We are pushing hard to turn China into a responsible member of the international trading community, because we know that the long-term gains will far exceed any short-term disruptions to our economy.

While the U.S. and the EU are wasting time on what I call “small ball” and fighting petty skirmishes over things like money-laundering blacklists, the Chinese are snapping up valuable intellectual property.

Beijing is buying its way into strategic footholds around the world, including in Europe. This will have far-reaching consequences. Despite this, the EU seems more intent on selling a bit more from-age in New York or preventing American steaks from reaching the tables of Berlin than focusing on the really important things.

We need the EU to take a strategic worldview, rather than an unhelpful, overly reactionary stance.

Regulations and other types of non-tariff trade barriers, including thinly veiled anti-Americanism like the exorbitant taxes on Google, is not a sustainable model if the EU wishes to remain a competitor on the world stage.

Barriers like these stifle innovation, growth, and job creation—and I mean both the operations of U.S. companies in Europe and indigenous EU start-ups. It’s no way to grow an economy.

I was just back in the United States at the end of March to meet with American businesses based on the West Coast, many of which have significant operations in Europe.

Some of these firms are growing through organic expansion, some through acquisition. But they are all creating jobs for Europeans and all are

“While the United States and the EU sometimes disagree about tactics, we always, always share the same goal: to improve our mutual security and prosperity. Our differences make for exciting headlines, but what is very often overlooked is our cooperation.

paying taxes in Europe. However, there are real concerns that doing business in Europe and with Europe is becoming more and more difficult.

On the flip side, hundreds of European startups have turned to places like Silicon Valley to grow or even relocate their business. Most of these companies needed access to financing to scale-up their businesses, and many moved to avoid growth-killing bureaucratic hurdles.

Just to provide an example, I’d like to highlight a recent winner of the U.S. Department of Commerce Innovation Challenge – Prodsmart. This company is a Portuguese start-up that recently moved their headquarters from Portugal to San Francisco. Prodsmart provides real time analytics for production lines and job shops. They’re a crowd-sourced Manufacturing Execution System (MES) that turns any shop floor into a digital smart factory, by using mobile devices to collect process data directly from the shop floor, eliminating paper, and providing real time analytics that allow for waste reduction and efficiency improvements.

This is only one example. European companies like Skype, Transferwise, Criteo, and PromoRepublic have all taken advantage of the innovation environment or the greater financing options so readily available in the United States.

This should be raising alarms here Europe. I want to work together with the EU to make innovation happens in Europe AND the United States. There is absolutely no reason for the United States to have a monopoly.

How will this happen? I think largely through more visionary leadership and a willingness to accept that defensive protectionism will not work in the Fourth Industrial Revolution.

In a minute, I will take some time to talk about trade and a few other parts of our relationship. But before I do, let me make one thing clear. While the United States and the EU sometimes disagree

about tactics, we always, always share the same goal: to improve our mutual security and prosperity. Our differences make for exciting headlines, but what is very often overlooked is our cooperation.

Since I arrived in Brussels, I have tried to make one thing clear: the United States and the European Union work best when we work together.

Unfortunately, that simple idea is all too often lost in the noise as we go running to put out one fire after another—and these are fires of our own making.

At the same time, I have also made clear that nothing in this world is certain. If we don’t fix what are now small irritations in the relationship, before long we will risk them tearing the relationship apart.

We are good partners and this is an important relationship—too important to let drift. We need to work together to get things back on course.

At our best, the U.S. and the EU set global standards that ensure safety and health. We provide an example for fledgling democracies.

We collaborate to counter the threat of terrorists, we isolate rogue regimes, and we deliver developmental assistance and disaster response to those countries most at risk.

We confront China, Russia, and world actors who fail to share our vision or values and who are actively working against all.

At our worst, we are distracted by challenges that are readily solvable. We

waste time locked in endless discussions that produce no results, despite the fact we seek the same goal.

Let’s look at trade, for example. Forty trillion dollars combined GDP. A stock of \$5 trillion in two-way foreign direct investments which fuels annual trade of a little over \$1.2 trillion in goods and services, which supports 16 million jobs on both sides of the Atlantic. Let that sink in just a minute. It’s huge.

I arrived in Brussels last July highly optimistic. I came to government service from the business world, and I was pleased that, after years of deadlock, Presidents Trump and Juncker met in Washington on July 25, 2018.

On that day, both men pledged to make the wildly imbalanced U.S.-EU trade relationship freer, fairer, and more reciprocal. President Trump, whether you like him or not, is a man of action, and it seemed as if things were happening.

Since then, we have made little progress—in fact USTR Lighthizer just told Congress our trade talks are at a complete stalemate.

One of the key sticking points is agriculture. Since I took office, I have heard about this redline over and over and over—as if food and culture were somehow uniquely sacred to Europe.

Our farmers and ranchers are just as important to us, and the issue is just as emotional in the U.S. Our farmers speak English, and some of yours might speak French, but their concerns and influence in government are just as great.

If our trade talks are to move forward, agriculture must be included. However, this isn’t a zero-sum game.

We simply need to agree to trade more freely and fairly and let the market be the ultimate arbiter. Let the market decide. There will be winners and losers on both sides, in agriculture and other sectors. The key is for the playing field to be level.

I have spoken with many industry leaders in Europe who feel as though the EU is not taking their concerns to heart,

and these are European business people, not American business people. And they urge us to reach an agreement in a reasonable amount of time to reduce market uncertainty and to forestall an escalation.

The most important elements the Trump administration brings to our trade discussions are seriousness and urgency. And, to be frank, the more the EU leadership plays the delay game, the more the resentment grows in Washington, DC.

Eventually, we will have no choice and will use leverage to realign the relationship. To be clear, that leverage is access to certain sectors of the U.S. market.

But no matter what I say some believe they can delay and wait out this President. The problem is that that tactic really doesn’t work because a President of either party is very likely to demand a realignment.

Let me give you a case in point: I recently had the opportunity to escort some of the Democratic party’s most senior leaders, including House Speaker Nancy Pelosi, to their meeting with EU officials. In those meetings it was crystal clear that while the Democrats disagree with the President on many issues, when it comes to fixing our trade imbalance with the EU there is no daylight between them. None.

In addition to trade, we will also continue to work with EU partners who are also NATO Allies to increase their spending in line with President Trump’s call for Allies to fulfill their commitment to spend 2 percent of GDP. A secure Europe is also one in which Allies and partners cooperate on military mobility.

NATO Allies and EU Member States must be able to quickly and reliably move military equipment and personnel to respond to threats. As the EU also deliberates where and how to make investments as part of its new defense initiatives, I am working to ensure the United States works closely with the EU to align its efforts with NATO security priorities but more importantly to open its tenders to U.S. companies.

The United States government will always seek out the best ideas and technologies regardless of whether they are domestic or from a trusted partner.

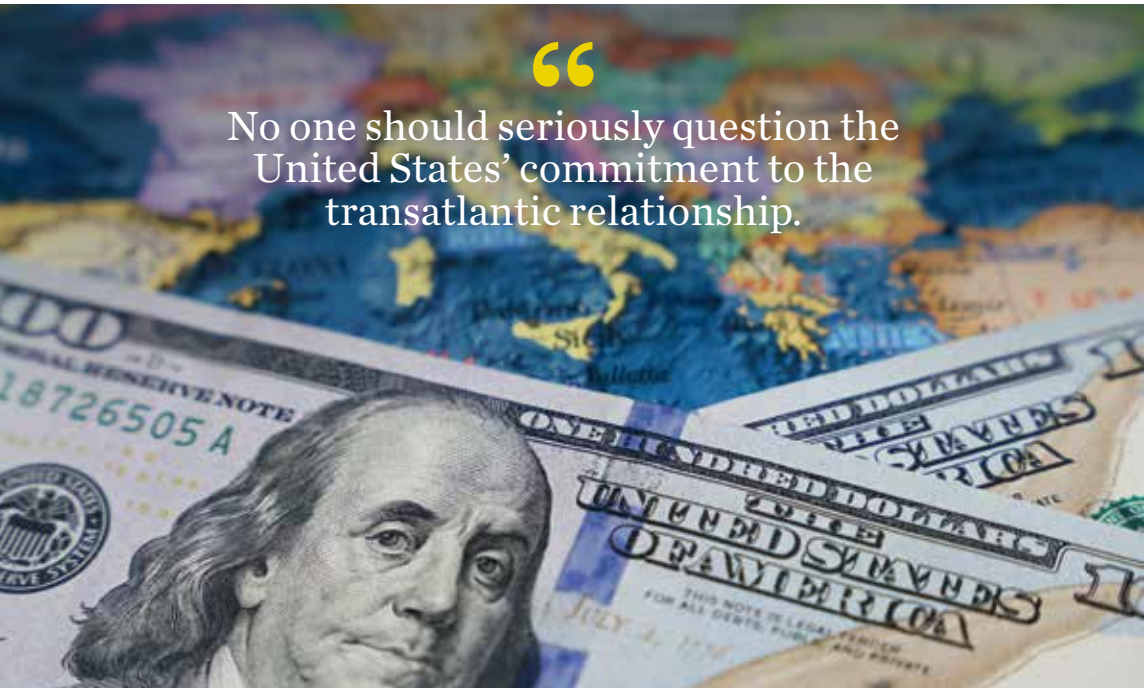
Just recently I heard a group of EU Ambassadors repeat a narrative they should know to be false: U.S. defense markets are closed to European companies. This is a narrative spun around since I’ve been here in July. It is not true. European companies are doing billions of dollars of business in the United States. This is how this notion is proliferating.

In fact, European firms make up the majority of exporters worldwide of military equipment to the United States.

In only the last year, the Italian firm Leonardo, BAE Systems, Rheinmetall, and CMI Defense have all secured or are close to securing multi-billion dollar defense contracts in partnership with U.S. firms. And on R&D, the U.S. Defense Advanced Research Projects Agency, aka DARPA, just awarded Airbus a contract to participate in the new U.S. Blackjack satellite program.

So in conclusion: No one should seriously question the United States’ commitment to the transatlantic relationship.

The areas of close and likeminded cooperation are not going to change or be put on hold because we have a few disagreements in a few areas. At the same time, we will not be content to maintain the status quo in areas that so clearly disadvantage the United States. ■



New Direction report

REBALANCING THE DEBATE

THE BENEFITS OF TRADE LIBERALIZATION AND IMPLICATIONS FOR FUTURE POLICY



The last few decades have been characterized by a worrying economic trend: stagnating incomes and living standards for an increasing share of the population of developed nations. For instance, a quick analysis of labour market indicators across Europe reveals that in Germany real wages in 2015 were 2.4 per cent below their 2008 peak; that in the UK real wages were little changed between 2000 and 2013 and that the southern European countries most affected by the euro crisis (such as Greece, Portugal and Spain) all displayed lower median real wages in 2013 than in 2004. If anything, data for the United States makes for even bleaker reading: according to the Economic Policy Institute, median wages in the US were only 6 per cent higher in real terms in 2013 relative to 1974.

In turn, this development has had a number of problematic consequences. In particular, it has served gradually to erode public support for free trade, as well as for free markets in general. A 2015 YouGov analysis found that a plurality of the French (35 per cent) thought that free trade was bad for business in their country (while only 31 per cent thought it was good), while 31 per cent thought trade had a negative impact on jobs (while only 29 per cent thought trade had a positive impact on employment).

Even in export powerhouse Germany, only a narrow plurality of respondents (30 per cent to 27 per cent) thought that free trade was good for business, while on the topic of jobs Germans who thought that trade had a negative effect on employment outnumbered those who thought that the opposite was true (29 per cent considered trade to have a negative impact on employment while only 22 per cent considered trade beneficial for jobs).

Moreover, scepticism about international trade is now also widely shared by Americans, traditionally perceived as one of the nations most supportive of free trade. Research by the Pew Research Center revealed that in 2015, 34 per cent of Americans thought that free trade agreements slow down economic growth (as opposed to 31 per cent who believed that they accelerated growth), 46 per cent believed that they reduced wages (as opposed to 11 per cent who believed they make wages higher) while 46 per cent believed they lead to job losses (compared to 17 per cent who believed free trade agreements helped create jobs).

Worse, the pace of this widespread decline in public support for a liberal trading environment appears to have accelerated during the fallout from the Great Recession.

Faced with squeezed living standards and the perceived unfairness of the distribution of the costs of the financial crisis, voters in several rich countries have asked their elected representatives to erect trade barriers to protect them from international competition. Moreover, politicians themselves have

contributed to the shift in public mood against free trade. Traditionally protectionist voices were joined by other, more opportunistic ones, in blaming foreign competition for a wide range of adverse economic outcomes, many of which were, in fact, the result of domestic policy failures.

These latter trends were perhaps most visible in the US presidential elections, when Donald Trump was elected on an explicitly protectionist and anti-trade platform. However, there are ample signs of similar shifts in public opinion elsewhere, including in Europe. Thus, the conducting of TTIP negotiations drew extensive public opposition and even protests in a number of European countries; the ratification of CETA was slowed down and almost scuppered by a combination of intense public and political opposition; while in the UK the government’s initial reticence in protecting the local steel industry triggered a significant public outcry.

Interestingly, the recent hardening of public attitudes to trade liberalization has been accompanied by a significant shift in the balance of opinion among academic economists, who have traditionally been supportive of free trade. Starting with the early years of the last decade, a number of studies have uncovered a series of substantial economic costs associated with trade liberalization. Some of the most influential among these have focussed on the impact of increasing exposure to import competition from developing countries, particularly China, on economic outcomes in developed nations.

The findings of this strand of research make for a bleak reading for proponents of trade liberalization: increased exposure to import competition was associated with increased unemployment, reduced and increasingly variable earnings, an accelerated pace of factory closures and increased reliance on welfare transfers. Moreover, the negative effects of import competition were not restricted to the directly affected domestic producers, but extended to businesses both upstream and downstream of

those producers, as well as to non-tradable activities. Even more worryingly, the negative effects of trade liberalization were found to be both geographically concentrated within countries and also concentrated among a narrow set of particularly vulnerable occupations and demographics. Last but not least, the negative economic impact of import competition was found to have knock on effects in the social realm: the communities most exposed to foreign competition display significant drops in marriage and fertility rates, worse health outcomes, higher mortality rates, increases in the number of children born out of wedlock or to teens, increased crime rates and lower quality of local public services.

The ensuing change in the tone of the academic debate surrounding free trade has been stark, with support for trade liberalization increasingly lukewarm. This is perhaps unsurprising if one considers the optimistic and arguably complacent views traditionally held by economists on the issue of international trade. Classical theories of trade emphasized that trade is a win-win for all countries that participate. Freer trade, the argument went, improves consumer welfare by lowering prices and increasing the variety of

available goods, while at the same time raising the productivity of economies by helping reallocate resources to the most productive sectors and firms.

In fairness, economists had long acknowledged that the benefits of trade are likely to be unevenly distributed across different segments of the population, and that the destruction and expansion of industries that accompany trade bears its own risks and costs. Until recently, however, the economic consensus was that these transition costs were likely to be small, and the gains were large enough to compensate for the losses that some do suffer. That consensus has now evaporated in light of recent research findings.

The main thesis of New Direction’s paper is that the pendulum in the tone of the debate surrounding trade liberalization has now swung too far in the direction of scepticism regarding its merits. To rebalance this discussion, this paper puts forward four main arguments in support of free trade:

- Recent findings do not undermine the fact that there are substantial aggregate gains for both developed and developing countries from maintaining a liberal trading regime and continuing trade liberalization;

- These gains are likely to be particularly significant for developing nations, making trade liberalization a key tool for poverty alleviation;
- Some of the short and medium run costs associated with trade liberalization might be overstated, wrongly attributed to trade liberalization or may have been incurred anyway due to other factors such as technical progress; and finally
- Many of the short to medium run costs of trade have either been amplified by deficient domestic policies or could be partially mitigated via improved policy interventions.

After developing these points on the benefits of free trade, the paper turns to the question of how to advance the cause of trade liberalization to ensure that the prospective gains are realised. Here, it argues that the main question supporters of freer trade need to ask themselves is: “What is the least costly (i.e.

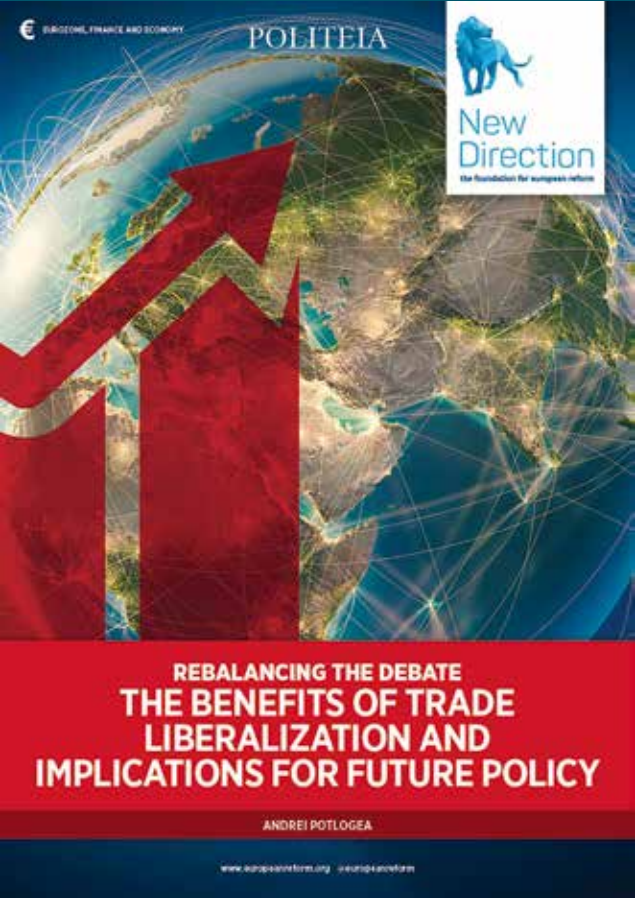
the least distortionary) way to maintain and advance public consent for trade liberalization?” In truth, we do not inhabit an economy, but a political economy, and, at least in democracies, the pursuit of trade liberalization relies crucially on continued public support. It is surprising how often this point is lost on analysts focussed on narrow economic considerations and on highlighting the aggregate gains from trade.

In light of recent research, the paper suggests that proponents of free trade should consider shifting their position and message on a number of counts in order to secure public consent for trade liberalisation. First, they should embrace gradualism. As adjustment costs to the impact of trade liberalization have been shown to be significant, allowing for a phased implementation of trade liberalization measures is likely to reduce disruption and allow those negatively affected more time to adapt. This is likely to reduce their opposition to liberalization.

Second, supporters of trade liberalization should endorse activist domestic policies aimed at mitigating the short run distributional and adjustment costs of liberalization. These may include policies aimed at promoting the mobility of workers across sectors, such as job re-training programs, or policies aimed at promoting geographical mobility. Third, greater attention should be paid to public concerns regarding the unequal distribution of the gains from trade. Proponents of freer trade should therefore consider supporting [at least] limited transfer programs that ensure a more equitable distribution of these gains.

Last but not least, supporters of trade liberalisation need to improve their communication strategy with the wider public. In particular, two shifts in communication approach are likely to be particularly consequential for improving the quality of the public debate around trade. The first is to more energetically challenge and disprove the myths and misunderstandings surrounding the politically contentious issue of trade deficits. The second is to show greater willingness to discuss honestly and openly the trade-offs between national sovereignty and (deep) trade integration involved in negotiating modern trade agreements. This latter course of action may or may not enhance public support for trade liberalization, but would probably guard against some of the wild swings in support for free trade observed recently.

The rest of this paper is organized as follows. Section 2 describes the benefits of trade liberalization for developed economies. Section 3 focuses on the gains from trade liberalization for developing countries. Section 4 discusses political economy considerations and tackles the issue of how to secure public consent for continued trade liberalization. Section 5 concludes by offering a set of key lessons and policy recommendations specifically aimed at informing future trade policy debates in the European Union. ■



You can download report at www.newdirection.online



Jan Zahradil CAMPAIGN DIARY

Part V.

Berlin, Munich, Brussels

EVENTS

Debate with Die Tageszeitung in Berlin



Die Tageszeitung, is the biggest left wing German daily and on 6th April ACRE lead candidate Jan Zahradil participated in its 'tazlab' discussion forum which is organised every year, this time on the future of Europe.

Jan Zahradil talked about the fight against fake news and the rise of "populism" in Europe. He recalled that dissatisfaction with the way the European Union works has been significantly growing in Europe, and if we do not listen to people and their concerns, there will be serious consequences. The ACRE President also reminded everyone that "European identity" is perceived differently in each country and that that needs to be respected.

Bauma fair in Munich



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Brussels business breakfast



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“Do you know how many times since we left the EPP in 2009 we have heard that we would not survive? In 2009 they said we would not survive a year. We did. Then they said we would survive only one term and then disappear. Now we are the third largest group in the European Parliament and we are growing.

TWEETS

5:24 AM - 16 Apr 2019
“Great buildings, like great mountains, are the work of centuries” (Victor Hugo, The Hunchback of Notre Dame). Exactly. And that's why @notredameparis will remain so and survive, against all odds!

12:25 AM - 13 Apr 2019
Very good news, I say as @EP_Trade Vice-chair but also as @ACREurope "spitzenkandidat". We must not succumb to @EmmanuelMacron geopolitical ambitions. #EU + #US = huge market, great chances. Time for both sides to open talks again.

11:15 PM - 9 Apr 2019
As @ACREurope president, I congratulate our regional partner @Likud_Party, its leader Benjamin @netanyahu + their coalition allies to another electoral victory in #Israel! Good work. Wish you and your country all the best.

6:16 AM - 9 Apr 2019
Today I am at @baumaOfficial in Munich discussing #trade barriers with key companies in construction equipment business. They all agree that a legislation on EU harmonised road circulation requirements for non-road mobile machinery is needed. #bauma2019 @CECE_Europe #CECEatBAUMA



IN THE NEWS



MUSIC WHAT I AM LISTENING TO RIGHT NOW



Doro Pesch
Breaking
the Law
(Judas Priest Cover)



U.D.O.
Princess of
the Dawn



ZAHRABEER
Berliner Berg - very good beer
I got in Berlin before the 'tazlab' discussion forum.

GOTV can help you win the day - unless, of course, you are naively stoking a volcano!

For those colleagues with elections looming on the horizon, this article focuses on the metaphorical 'icing on your grassroots campaigning cake'. Get out the Vote (GOTV).

Everything you do in the weeks, months and years leading up to election-day may be worth little should you get this part of your 'recipe' wrong. You may have all the correct ingredients. You may have worked incredibly hard to achieve the perfect outcome. But... if you cannot finish your project properly you will not win that highly coveted first prize. In other words, you might have worked diligently to find your supporters, to reach your pledge target, to identify their specific key issues, to engage with them regularly and enthuse them but if you fail to get them out to vote for you on the big day - you will have largely wasted your time.

The preparation work that your Campaign Team has already put in on GOTV really starts to come into play as polling day approaches. Now, as always, exactly what you are legally entitled to do within your own country will be governed by individual national Electoral Commissions, national election law and so on. Some of you will have laws which insist on compulsory voting, some will not. There cannot, therefore, be any 'one size fits all' GOTV advice. Any generic advice must be taken with both eyes totally open with regards to what is allowable, and not allowable, nation by nation. And this article is written in that spirit.

Having said all that, there is no excuse if the law allows for certain endeavours during GOTV but these activities are not actioned due to campaigning ineptness.

So, the guidance on GOTV has to be this. Be utterly robust and ruthless in implementing the widest ranging GOTV plan as possible - but always, always, always stay within the laws applicable to you in your country.

For the purposes of this advice, we are assuming that postal voting is not permissible as part of the electoral process. Further to this, we will assume that the elections are based on a form of proportional voting rather than a majoritarian system. Lastly, we will work on the basis that whilst voting is not compulsory, you cannot campaign for up to 48 hours before the opening of the polls.

Naturally, those particular sets of elections which usually illicit a high voter turnout will normally see the most loyal of Party supporters trudge out to vote without much prompting or coercing. And whilst these numbers seem to be shrinking election after election, in many countries, it is still the case that voters in traditionally lower turnout elections are much more easily influenced to vote if proactively reminded.

This does not mean to say that you should ever take your support for granted. That attitude can backfire spectacularly. However, if you have been campaigning properly you will know, well in advance, if there is a problem fermenting within your core vote.

Occasionally, however, there will be forces outside of your control where the tide turns existentially against you. Under such circumstances, even Party members have been known to go AWOL. If this happens, rather than GOTV, it is damage limitation that should be the flavour of the day. Vote suppression rather than voter turnout

becomes the key. The UK Conservative Party may be in this exact position, for example, if they contest the European elections in May. If the UK does take part in those particular elections, the Conservatives should consider a very low profile GOTV exercise. To do otherwise may only exacerbate the turnout of votes against them from their own traditional supporters, members and activists. This might be a time where inactivity might be the better policy whilst treading through the traditionally dormant volcano of European election turnout. This time, the volcano is definitely smouldering rather heavily. The UK Tories need to be careful that, through their consistent lack of political acumen and by ignoring facts and insisting that nothing has changed, they don't accidentally precipitate a full scale eruption.

Such things are all about political judgement and strategy - two items that particularly trouble me about the current UK Conservative Party. Aside, however, from the occasional wholly unnecessary and self-inflicted active volcano, your GOTV strategy should now be well defined by now. Follow it. Be disciplined and follow it.



Richard Murphy
Managing Director of Communication Strategy and Management (CSM),
ACRE's Campaigns' Consultant
info@csmlimited.com

The essence of GOTV is all about reminding voters of the date of the election and the polling times. It is about persuading them that their vote can help make the difference.

Nevertheless, GOTV is about more than just a gentle reminder to vote. GOTV is about emotion and motivation of your supporters. On that basis, you may need to motivate different supporters with different messages. One person may respond well to one type of message whilst another will be inspired by something quite different. If you have run a strong campaign by talking to people individually, you should be able to co-ordinate such things correctly.

GOTV is the culmination, therefore, of everything. It is about your candidate(s); name recognition; profile; messages; tone of messaging; belief; enthusiasm; loyalty and so on. And, like your overall campaign itself, it has to be a mix of doorstep contact; phone calls; direct messaging; email; direct mail; literature etc. Never rely on just one method. Humans are not technology. They are human. Each responds differently to different methods of communications, as well as the content of the communication itself.

The first question to answer is when to commence your GOTV operation. My advice is to utilise a D Minus Grid and work back from the last possible time that you are legally entitled to contact your supporters with GOTV messaging. Work through the plan you have conceived and measure it against the human resource you have to make it happen productively. Then steadily fill in the 'gaps', day by day, hour by

hour, area by area, street by street, supporter by supporter. It is almost akin to a military style logistical operation. It needs exceptional planning for it all to work.

In an ideal world, you will have reached your 'Pledge Target' long before election day. So, in the last week to ten days, your sole focus needs to be your supporters and, perhaps, very likely supporters. The logic of this is that if you have successfully hit your 'Pledge Target' you know that you have enough votes promised to succeed in the election. You do not need to keep trying to find more 'Pledges'. Any new support you obtain is a lovely bonus that you will gladly receive with open arms and gratitude. All you have to achieve now, though, is to get those canvassed 'Pledges' out to vote for you.

A well planned and professionally implemented GOPTV strategy is always worth its weight in gold. The lower the traditional turnout, though, the more likely your GOTV efforts are to have a disproportionately positive effect on your result.

Differential turnout is the phrase to focus upon here. Different definable groups within the electorate often display a strongly divergent likelihood vis-a-vis voter turnout. These groups might be applicable to age, gender, social and educational backgrounds, employment status, ethnicity and so on. Aside from these obvious factors, the differential turnout achieved by individual GOTV campaigns is fundamental. Your opponent may have a larger natural base of support than you but if they do not know who they actually are, or cannot motivate them, they could be in trouble. That is why a resilient GOTV campaign can win in some of the least likely circumstances. Remember that in GOTV scenarios, the saying - 'It ain't over until the fat lady sings' - has never been truer. Differential turnout can bring your success completely below the radar. Often, nobody will be more surprised, and shocked, than your political opponents when the ballot boxes are tipped open after close of poll.

As we said last time out, if you end up losing by one vote - and it has happened many times - you will forever kick yourself. So, apart from wishing you well in your endeavours, let us end this piece with a handful, or two, of extra top tips to make your GOTV bring you the success you deserve:

Remind people where to vote - not just the date and times of poll

People respond best to the GOTV messages which they receive most - especially those that they receive last

Emotional messaging speaks louder than factual messaging

Only target your own supporters within your GOTV efforts. No loud hailers. Your job is to get out your own vote and not everyone else's!

Don't rest on your laurels. Keep going. Once you have encouraged and motivated your supporters to vote - go and do it again ... and again

Use every communication channel possible and try and personalise your contact as much as possible

If your grassroots resources are smaller than you might like, focus on the more densely populated areas of support

Keep persevering until the last legal time permitted. Every vote counts

Good luck with everything and do not forget that your next campaign starts as soon as this one is over! ■



FRIEDRICH HAYEK

and the fatal conceit of socialism

What's the one thing everyone knows about capitalism? Why, that it started out as a mean, nasty tool of greedy industrialists. "The Industrial Revolution," we all learned, was a terrible Moloch that devoured children, put profits before people, and though it made great fortunes (or, perhaps, partly because it made great fortunes), was a wicked development. The Industrial Revolution, we've all been taught, was the original sin of capitalism, necessary, perhaps (perhaps) to prime the engine of economic progress, but lamentable nevertheless.

Ask anyone: the Industrial Revolution is a stigma that no amount of societal amelioration can remove. The "factory system," an integral part of the Industrial Revolution, was an urban nightmare, a Dickensian melodrama in which rural innocence was mauled and blighted in those horrific, unsanitary "Satanic mills" that William Blake anathematized. Once upon a time, before the advent of the factory system, workers enjoyed:

A passably comfortable existence, leading a righteous and peaceful life and all piety and probity; and their material condition was far better than that their successors... They did not need to overwork; they did no more than they chose to do, and yet they earned what they needed. They had leisure for healthful work in garden or field, work which, in itself, was recreation for them, and they could take part beside in the recreation and games of their neighbours... [which] contributed to their physical health and vigour... Their children grew up in fresh country air, and, if they could help their parents at work, it was only occasionally.

Alas, this Eden, as described by Frederick Engels in a fairytale called The condition of the working classes in England in 1844, was destroyed by the advent of the machine. "The proletariat," writes Engels, "was called into existence by the introduction of machinery."

The consequences of improvement in machinery under our present social conditions are, for the working-man, solely injurious, and often in the highest degree oppressive. Every new advance things with the loss of employment, want and suffering.

That's the sad story of capitalism we all imbibed with mother's milk, or formula. No less an authority than Bertrand Russell has assured us that "the Industrial Revolution caused unspeakable misery both in England and in America. I do not think any student of economic history can doubt that the average happiness in England and early nineteenth century was lower than it had been hundred years earlier."

As Friedrich Hayek points out in Capitalism and the Historians, an extraordinary collection of essays he edited and published in 1954, "The widespread emotional aversion to 'capitalism' is closely connected with this belief that the undeniable growth of wealth which the competitive order had produced was purchased at the price of depressing the standard of life the weakest elements of

society." This picture of economic depredation, notes Hayek, is "one supreme myth which more than any other has served to discredit the economic system [capitalism] to which we owe our present-day civilisation."

When we move from the realm of myth-making to historical truth, however, we see that the Engels-Russell narrative, the narrative upon which we've all been battered, is a tissue of exaggerations, misrepresentations, and outright lies. A "careful examination of the facts," which is what Hayek and his colleagues provide in Capitalism and the Historians

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Ask anyone: the Industrial Revolution is a stigma that no amount of societal amelioration can remove.

ans (or, to give it its full title, Capitalism and the Historians: A Defense of the Early Factory System and its Social and Economic Consequences), has led to a "thorough refutation of this belief."

Alas, the fact that a poisonous idea has been "thoroughly refuted" does not mean that it has been disarmed. Far from it. Some bad ideas exert a catnip-like fascination on susceptible souls, partly because they speak to that species of naïveté that undergirds all utopian schemes, partly – and more darkly – because it plays into the hands of those who wish to wield power over others.

Consider, for example, the case of Benito Mussolini. In 1929, when he was still riding high as the man who made the trains run on time, Il Duce boasted that: "We were the first to assert that the more complicated the forms assumed by civilisation, the more restricted the freedom of the individual must become."

Of course, Mussolini was wrong about his historical priority, just as he was wrong about most other things. The palm for first promulgating that principle in all its modern awfulness must go to Lenin who, back in 1917, boasted that when he finished building his workers' paradise "the whole of society will have become a single office and a single factory with equality of work and equality of pay."

What Lenin didn't know about "restricting the freedom of the individual" wasn't worth knowing. Granted, things didn't work out quite as Lenin hoped – or said that he hoped – since as the Soviet Union lumbered on there was less and less work and mostly worthless pay. ("They pretend to pay us," one wag said, "and we pretend to work.") Really, the only equality Lenin and his heirs achieved was an equality of misery and

impovertyment for all but a shifting fraction of the nomenklatura. Trotsky got right to the practical nub of the matter, observing that when the state is the sole employer the old adage "he who does not work does not eat" is replaced by "he who does not obey does not eat."

Nevertheless, a long line of Western intellectuals came, saw, and were conquered: how many bien-pensants writers, journalists, artists, and commentators swooned, as did Lincoln Steffens: "I have been over into the future," he said of his visit to the Soviet Union in 1921, "and it works." Jeremy Corbyn

updated the sentiment when, in 2013, he said that Hugo Chavez "showed us that there is a difference and a better way of doing things. It's called socialism, it's called social justice and it's something Venezuela has made a big step towards."

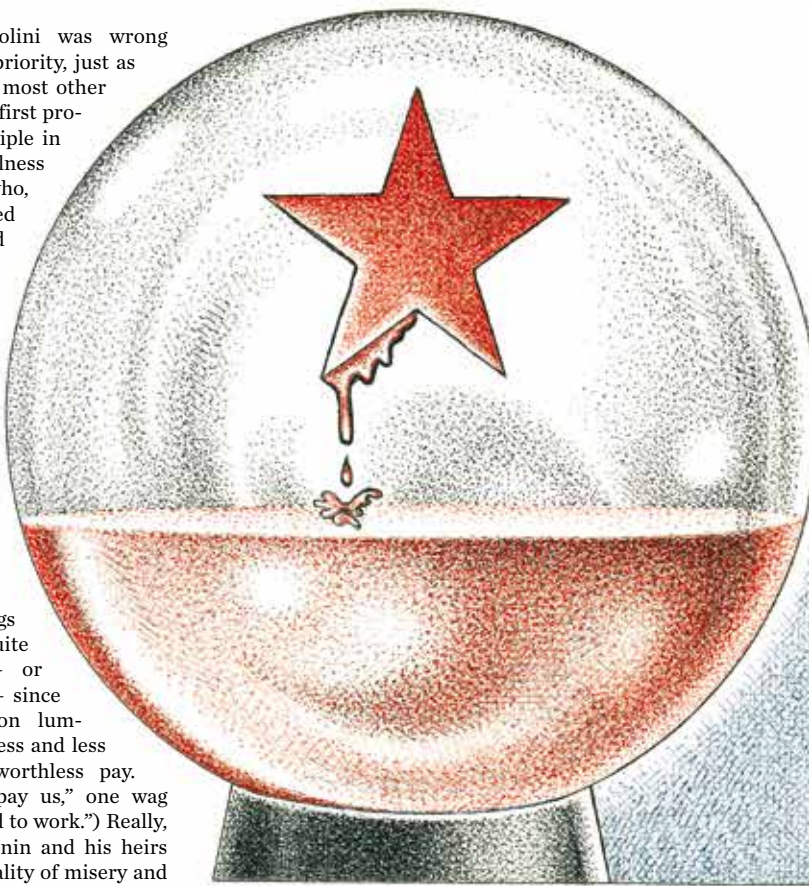
Yes, Jeremy, it has. And how do you like it? Of course, you can't make an omelette without breaking eggs. But it is remarkable what a large accumulation of egg-shells we have piled up over the last century. (And then there is always Orwell's embarrassing question: "Where's the omelette?")

I forget which sage described hope as the last evil in Pandora's box. Unfair to hope, perhaps, but not inapplicable to that adamantine "faith in a better world" that has always been at the heart of the socialist enterprise. Talk about a hardy perennial! The socialist experiment has never worked out as advertised. But it continually blooms afresh in the human heart – those portions of it, anyway, colonised by intellectuals, that palpitating tribe which Julien Benda memorably denominated "clerics" (as in "trahison de").

But why? What is it about intellectuals that makes them so profligately susceptible to the catnip of socialism?

In his last book, The Fatal Conceit: The Errors of Socialism (1988), Hayek drily underscored the oddity:

The intellectuals' vain search for a truly socialist community, which results in the idealisation of, and then disillusionment with, a seemingly endless string of "utopias" – the Soviet Union, then Cuba, China, Yugoslavia, Vietnam,



Tanzania, Nicaragua – should suggest that there might be something about socialism that does not conform to certain facts.

It should, but it hasn't. And the reason, Hayek suggests, lies in the peculiar rationalism to which a certain species of intellectual is addicted. The "fatal conceit" lay in believing that, by exercising reason, mankind could recast society in a way that was at once equitable and prosperous, orderly and conducive to political liberty.

I say "mankind," but of course the fatal conceit is always pursued by a tiny elite who believe that the imposition of their reason can effect the desired revolution in society. The rest of us "deplorables" are the raw material for the exercise of their fantasy.

Hayek traced this ambition back through Rousseau to Descartes. If man is born free but is everywhere in chains, Rousseau argued, then why does he not simply cast off his fetters, beginning with the inconvenient baggage of traditional social restraint? Whether Descartes deserves this paternity suit is perhaps disputable. But I see what Hayek means. It was a small step from Descartes's dream of making man the "master and possessor of nature" (as he said at the end of the Discourse on Method) through science and technology, to making him the master and possessor of man's second nature, society.

How much that was recalcitrant about human experience and the world had suddenly to be rendered negotiable even to embark upon that path! All that was summed up in words like "manners," "morals," "custom," "tradition," "taboo," and "sacred" is suddenly up for grabs. But it was part of the intoxicating nature of the fatal conceit – for those, again, who were susceptible to its charms – that no barrier seemed strong enough to withstand the blandishments of mankind's ingenious tinkering, "Everything solid," as Marx famously said, "melts into air."

John Maynard Keynes – himself a conspicuous victim of the fatal conceit – summed up its psychological metabolism in his description of Bertrand Russell and his Bloomsbury friends: "Bertie in particular sustained simultaneously a pair of opinions ludicrously incompatible. He held that in fact human affairs were carried on after a most irrational fashion, but that the remedy was quite simple and easy, since all we had to do was to carry them on rationally."

What prodigies of existential ledger-main lay compacted in that phrase "all we had to do." F. Scott Fitzgerald once said that the test of "a first-rate intelligence" was "the ability to hold two opposed ideas in the mind at the same time" and still be able to function. In fact, that ability is as common as dirt. Look around.

Friedrich Hayek (he dropped the aristocratic "von" to which he was born) was a supreme anatomist of this species of intellectual or intellectualist folly. Born to a prosperous family in Vienna in 1889, Hayek had already made a modest name for himself as an economist when he departed for England and the London School of Economics in 1931. Over the next decade, he published half a dozen technical books in economics (sample title: Monetary Theory and the Trade Cycle). Life changed in 1944 when The Road to Serfdom – published first in England, then a few months later in the United States – catapulted him to fame.

The story of this short but extraordinary book – which is less a treatise in economics than an existential cri de Coeur – is well known. Three publishers turned it down in the United States – one reader declared it "unfit for publication by a reputable house" – before the University of Chicago, not without misgivings, took it on. One of Chicago's readers, while recommending publication, cautioned that the book was unlikely to "have a very wide market in this country" or "change the position of many readers."

In the event, Chicago could hardly keep up with demand. Within months, some 50,000 copies were in print. Then Reader's Digest published a condensed version, which brought the book to some 600,000 additional readers. A few years later, a Look picture-book version – the "graphic novel" of the day – further extended its reach.

The Road to Serfdom transformed Hayek from a retiring academic into an international celebrity. By the time he died, six weeks shy of his 93rd birthday, in 1992, Hayek had become a darling of the academic establishment. He'd been a professor at the London School of Economics, the University of Chicago, and the University of Freiburg, and was the recipient of numerous honorary degrees. In 1974, he was awarded the Nobel Prize for Economics – the first free-market economist to be so honoured – and his theories helped lay the intellectual groundwork for the economic revivifications that Margaret Thatcher and Ronald Reagan undertook in the 1980s.

In a deeper sense, however, Hayek remained a maverick, outside the intellectual or at least the academic mainstream. The message of The Road to Serfdom shows why. The book had two purposes. On the one hand, it was a paean to individual liberty. On the other, it was an impassioned attack on central economic planning and the diminution of individual liberty such planning requires.

It might seem odd, in the wake of the Reagan and Thatcher revolutions, to describe an attack on central planning or a defense of individual liberty as "maverick." But in fact, although Hayek's theories won some major skirmishes "on the ground," in the world of elite intellectual opinion his views are as contentious now as they were in the 1940s. Even today, there is widespread resistance to Hayek's guiding insight that socialism is a nursery for the growth of totalitarian policies.

With the example of Nazi Germany before him, Hayek saw how naturally national socialism, leaching more and more initiative away from the individual in order to invest it in the state, shaded into totalitarianism. A major theme of the book is that the rise of fascism was not a reaction against the socialist trends of the 1920s, as is often contended, but on the contrary was a natural outcome of those trends.

What began as a conviction that, if planning were to be "efficient," it must be "taken out of politics" and placed in the hands of experts, ended with the failure of politics and the embrace of tyranny. "Hitler did not have to destroy democracy," Hayek noted; "he merely took advantage of the decay of democracy and at the critical moment obtained the support of many to whom, though they detested Hitler, he yet seemed the only man strong enough to get things done."

Britain, Hayek warned, had already travelled far down the road of socialist abdication. "The unforeseen but inevitable consequences of socialist planning," he wrote, "create a state of affairs in which... totalitarian forces will get the upper hand." Hayek quotes numerous influential commentators who cheerfully advocate not only wholesale economic planning but the outright rejection of freedom.



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The widespread emotional aversion to 'capitalism' is closely connected with this belief that the undeniable growth of wealth which the competitive order had produced was purchased at the price of depressing the standard of life the weakest elements of society.

Today, some of us warn about the growth and insidiousness of "the administrative state" or "the deep state" – that permanent bureaucracy of busybodies who are not elected but nevertheless wield enormous power over every aspect of our lives. The growth of that unaccountable apparatus of control that aided the common good. In other words, private pursuits advance public goods: that is the beneficent alchemy of the free market, of capitalism. Hayek's fundamental insight, enlarging Smith's thought, is that the spontaneous order created and maintained by competitive market forces leads to greater prosperity than a planned economy.

It is at this juncture that advocates of a planned economy introduce the word "fairness" into the discussion: wouldn't it be fairer if we took money from person "A," who has a stack, and gave it to person "B," whose stack is smaller? ("That is," as W. S. Gilbert put it in The Mikado, "assuming I am 'B'.")

Socialism is a version of sentimentality. The socialist, the sentimentalist,

the historian E. H. Carr blithely argued that: "The result which we desire can be won only by a deliberate reorganisation of European life such as Hitler has undertaken."

The two great presiding influences on The Road to Serfdom were Alexis de Tocqueville and Adam Smith. From Tocqueville, Hayek took both his title and his sensitivity to what Tocqueville, in a famous section of Democracy in America, called "democratic despotism." Hayek, like Tocqueville, saw that in modern bureaucratic societies threats to liberty often come disguised as humanitarian benefits.

If old-fashioned despotism tyrannises, democratic despotism infantilises. Echoing and extending Tocqueville, Hayek argued that one of the most important effects of extensive government control was psychological, "an alteration of the character of the people." We are the creatures as well as the creators of the institutions we inhabit. "The important point," he concluded, "is that the political ideals of a people and its attitude toward authority are as much the effect as the cause of the political institutions under which it lives."

A major part of The Road to Serfdom is negative or critical. Its task is to expose, describe, and analyse the socialist threat to freedom. But there is also a positive side to Hayek's argument. The road away from serfdom was to be found by embracing what Hayek called "the extended order of cooperation"; aka capitalism. (Although Hayek

uses the term "capitalism," I prefer the term "free market," which is innocent of Marxist overtones.)

In The Wealth of Nations, Adam Smith noted the paradox, or seeming paradox, of the free market: that the more individuals were left free to follow their own ends, the more their activities were "led by an invisible hand to promote" ends that aided the common good. In other words, private pursuits advance public goods: that is the beneficent alchemy of the free market, of capitalism. Hayek's fundamental insight, enlarging Smith's thought, is that the spontaneous order created and maintained by competitive market forces leads to greater prosperity than a planned economy.

The sentimentalist cannot wrap his mind, or his heart, around that datum. He cannot understand why we shouldn't favour "cooperation" (a pleasing-sounding arrangement) over "competition" (much harsher), since in any competition there are losers, which is bad, and winners, which may be even worse.

It is at this juncture that advocates of a planned economy introduce the word "fairness" into the discussion: wouldn't it be fairer if we took money from person "A," who has a stack, and gave it to person "B," whose stack is smaller? ("That is," as W. S. Gilbert put it in The Mikado, "assuming I am 'B'.")

Socialism is a version of sentimentality. The socialist, the sentimentalist,

cannot understand why, if people have been able to "generate some system of rules coordinating their efforts," they cannot also consciously "design an even better and more gratifying system." Central to Hayek's teaching is the unyielding fact that human ingenuity is limited, that the elasticity of freedom requires the agency of forces beyond our supervision, that, finally, the ambitions of socialism are an expression of rationalistic hubris. As David Hume, another of Hayek's intellectual heroes, put it, "a rule, which, in speculation, may seem the most advantageous to society, may yet be found, in practice, totally pernicious and destructive."

A spontaneous order generated by market forces may be as beneficial to humanity as you like; it may have greatly extended life and produced wealth so staggering that, only a few generations ago, it was unimaginable. Still, it is not perfect. The poor are still with us. Not every social problem has been solved. In the end, though, the really galling thing about the spontaneous order that free markets produce is not its imperfection but its spontaneity: the fact that it is a creation not our own. It transcends the conscious direction of human will and is therefore an affront to human pride.

The urgency with which Hayek condemns socialism is a function of the importance of the stakes involved. As he puts it in The Fatal Conceit, the "dispute between the market order and socialism is no less than a matter of survival" because "to follow socialist morality would destroy much of present humankind and impoverish much of the rest." We get a foretaste of what Hayek means whenever the forces of socialism triumph. There follows, as the night the day, an increase in poverty and a diminution of individual freedom.

The curious thing is that this fact has had so little effect on the attitudes of intellectuals. No merely empirical development, it seems – let it be repeated innumerable times – can spoil the pleasures of socialist sentimentality. This unworlidity is tied to another common trait of intellectuals: their contempt for money and the world of commerce. The socialist intellectual eschews the "profit motive" and recommends increased government control of the economy. He feels, Hayek notes, that "to employ a hundred people is... exploitation but to command the same number [is] honourable."

It is not surprising that Hayek is often described as "conservative." In fact, though, he was right to object that his position is better described as "liberal," understanding that term not in its contemporary deformation (ie, Leftist, statist) but in the 19th-century English sense in which Burke, for example, was a liberal. There is an important sense in which genuine liberals are (in Russell Kirk's phrase) conservative precisely because they are liberals: they understand that the best chance for preserving freedom is through preserving the institutions and traditional practices that have, so to speak, housed freedom.

Although cautious when it came to political innovation, Hayek thought traditional Tory conservatism too wedded to the status quo. "The decisive objection" to conservatism, Hayek wrote in "Why I Am Not a Conservative," a postscript to The Constitution of Liberty, is that it is by nature reactive and hence unable to offer alternatives to the "progressive" programme. It can retard our progress down the socialist path; it cannot, Hayek thought, forge a different path.

At the end of the day, Hayek's inestimable value is to have dramatised the subtle and seductive insidiousness of the socialist enterprise. "It is seldom that liberty of any kind is lost all at once"; that sentence from Hume stands as an epigraph to The Road to Serfdom. It is as pertinent today as when Hayek set it down in 1944. ■



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Next weekend in Riga by Barnaby Whiteman

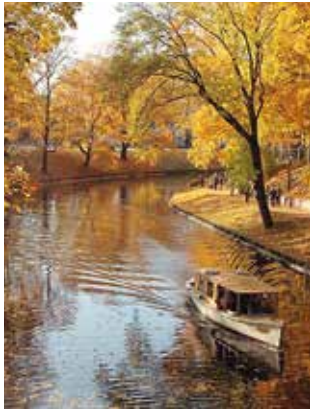
RIGA

When to go?

Winters temperatures in Riga can range from a cool 5°C to as low as -30°C, so make sure you pack appropriate clothing! The underground cave bars are a fantastic experience if you visit Riga in winter. Folkklubs Ala Pagrabs will give you an authentic Latvian experience, and you can sample the local drink, Black Balsam. Another great attraction to be had at this time of year is the Staro Riga Light Festival. From 15 to 18 November 2019, the city's buildings and monuments will be lit up by visual artists. The Christmas market in Doma Laukums Square is particularly beautiful, especially if you are lucky enough to see the Old Town dusted with snow!

Spring in Latvia often sees the rivers flood onto their surrounding plains, so is a great time of year for being on the water. Riga runs boat tours along the Daugava River, but those with a taste for more adventurous sports can try dolphin jet-packing or canoeing on the river! A daytrip to the city of Dobele is very worthwhile at this time of year – you can see some of the country's most magnificent lilac blooms.

With temperatures of around 24°C in July and August, Riga is the perfect summer destination for those who want a mild but pleasant heat. As well as having beautiful architecture, Riga is just a short distance from the coast. You can be at Jurmala beach in just 30 minutes by train from Riga. Dzintari Concert Hall is situated on the beach and hosts lots of music events throughout the summer. For a wonderful view of the sunset in the summer, visit Terrace Riga, which sits at the top of the shopping centre Galerija Riga.



As autumn sweeps the city, temperatures drop quite drastically, but the city looks its most beautiful as the leaves begin to turn. A great autumn activity is cycling – Latvia is fairly flat so there are no hills to contend with! It is a great way to see Riga if you are just there for a weekend trip.

Where to go?



The Old Town is a UNESCO World Heritage Site and has buildings that date back to 1201. One of the most striking buildings is the Dome Cathedral, which was constructed over a number of decades and has Gothic, Romanesque and Baroque features. Alberta Street



celebrates the golden age of Riga and is all in the style of Art Nouveau. For stunning views across the city, it is worth visiting St Peter's Church Tower, a structure that stands at 72m tall!

The occupational history of Riga is well-documented throughout the city. The Swedish gate is part of the old city walls, and was built in 1698 when the Swedish took over the city. More recent changes are celebrated with the Freedom Monument, which commemorates soldiers killed during the Latvian War of Independence in the early 20th century.

For those looking to experience the city's culture, the Latvian National Opera and Ballet is definitely worth visiting. This resplendent building is cherished by locals, and performances are well attended. The festival season runs from early June to early July: lovers of opera should not miss out on a visit here!



Where to stay?



The Hotel Justus is a beautiful boutique hotel, just moments away from the Dome Cathedral. A great choice for families, couples and friends alike (the hotel offers a range of different suites), you are guaranteed a friendly and comfortable stay. It is in a perfect central location, so no need for public transport! The four-star stay is very reasonably priced, with English-speaking staff and a fantastic restaurant.

For a stay that matches up to Riga's fascinating historical past, check out the Gallery Park Hotel & Spa. The interior speaks of the country's Soviet history, with Russian decor throughout. The hotel is in the Art Nouveau district of the city, within an easy distance of the Latvian National Art Museum. You can learn about Baltic cuisine with a cooking masterclass, or relax in its beautiful spa.



What to do?



Explore Riga Zoo

A great day out for children. One of the oldest zoos in Eastern Europe, Riga Zoo has a tropical house and a petting zoo.



Visit the Latvian National Museum of Art

This museum displays Latvia's artistic heritage, covering the Expressionism, Art Nouveau and landscape periods. Why not end your visit by heading to the terrace to enjoy the views across the Old Town of Riga.



Take a daytrip to Bauska Castle

On the peninsula where the Musa and Memele rivers meet stands Bauska Castle. You can climb to the top of the medieval tower for views across Bauska, or learn traditional Latvian dancing on a themed tour.



Take the Soviet Heritage Tour of Riga

In a city teeming with history, delve into the past to find out what life was like in Riga under Soviet rule. Departing from the Freedom Monument, this wonderful tour will transport you into the city's fascinating past, and will illuminate the legacy left behind.



Taste the local food

Riga is home to the dessert, Vecriga, named after the Old Town within the city. Indulge in a treat filled with vanilla cream and curd and made from delicious choux pastry!



Visit Riga Central Market

Marvel at this magnificent building made from former German Zeppelin hangars in one of the largest Eastern European markets. This incredible market boasts more than 3,000 stalls, so is a must-see in Riga.



NOTES ON NATIONS SHOULD INCLUDE CHINESE SPANIARDS AND JAPANESE ITALIANS

When asked, with a gun to my head, to name my top ten operas, I always include *Porgy and Bess* (Gershwin). It's an American thing. I had it in my mother's milk. It means the world to me.



Jay Nordlinger

is a senior editor of National Review and the music critic of *The New Criterion*. He is the author of *Peace, They Say: A History of the Nobel Peace Prize* (Encounter Books). His latest book is a study of the sons and daughters of dictators: *Children of Monsters* (also Encounter). He lives in New York.

@JayNordlinger



from South Korea. When she plays, she's as Spanish as anyone.

Ned Rorem is from Chicago. But when he was a child, Debussy and Ravel rattled his brain, and he has always been a composer with a French mindset. For him, there is no greater work than Ravel's opera, *L'enfant et les sortilèges*. Ravel, for his part, loved American jazz. The middle movement of his Violin Sonata No 2 is marked "Blues."

Spirituals belong to black America, of course. But Marian Anderson, Leontyne Price, and others made them famous all over the world. They "travel," touching hearts and souls everywhere.

George London, the bass-baritone, made an album of them. He was born

George Burnstein in Montreal. His parents had immigrated from Russia. He knew that spirituals belonged to him, regardless.

My fellow Americans have always been touchy about their classical music. They feel defensive, in the face of their older European cousins. This goes way back. A 19th-century American composer, George Frederick Bristow, had a famous fight with the New York Philharmonic Society. The society was too German-minded, he said. He had a question, a rhetorical zinger: "Is there a Philharmonic in *Germany* for the encouragement of *American* music?"

I have a question of my own: Is the music of Bach, Mozart, Beethoven, and the rest German music (or Austro-German music)? You will find native dances and the like in it. Still, for most of us, it is simply music, I think.

It has long amused me that many Americans who otherwise would have no use for nationalism whatsoever, in any form, get all blood-and-soil when it comes to music. They demand the programming and championing of American music. It is a patriotic duty, they practically say.

One of my heroes in life is Edward MacDowell, the American composer who lived from 1860 to 1908. An organization wanted to include a piece of his in a concert devoted to American music, exclusively. He refused, saying he wanted his music to be judged on the merits, no matter the nationality of the composer.

For my part, Bach, Mozart, and Beethoven – and Ravel, Dvořák, and Shostakovich – mean a lot more to me than, say, Ives, Carter, and my friend MacDowell. And yet, and yet...

When asked, with a gun to my head, to name my top ten operas, I always include *Porgy and Bess* (Gershwin). It's an American thing. I had it in my mother's milk. It means the world to me. And a few summers ago, the Salzburg Festival did something rare: it staged a musical, *West Side Story* (Bernstein). I found myself rather overcome by emotion, embarrassingly. These things are buried deep, and will out.

How fortunate to have the universal, the national or tribal, and the blend of them. ■



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IDU Executive Meeting in Santiago De Chile

The International Democrat Union (IDU) is a global alliance of centre-right political parties founded in 1983 by George H Bush, Margaret Thatcher and Helmut Kohl to unite conservative parties across the world through a shared network promoting good governance and sound economic practices. On the 12th of April the IDU met in Santiago de Chile for their Executive Meeting and Latin American Conference. Its current chairman, the Rt Hon Stephen Harper, the 22nd Prime Minister of Canada and one of the most successful conservative leaders of our time, gave the opening address.

With keynote speeches and topic driven panel discussions, the conference explored the pan Latin American shift towards the centre-right and challenges for governments across the continent, as well as the disastrous situation in socialist Venezuela.

The event was joined by the Chilean President Sebastián Piñera, Foreign Minister Roberto Ampuero and other ministers as well as key decision makers from Argentina, Bolivia, Columbia and Peru. In addition, the British Conservative Party Chairman, Brandon Lewis and former Party treasurer Lord Ashcroft gave updates on the UK situation surrounding Brexit as well as interventions from Chairman of the European Parliament Foreign Affairs Committee David McAllister MEP.

The President of the Alliance of Conservatives and Reformists in Europe, Jan Zahradil is a vice-chairman of IDU and ACRE holds a regional partnership of the organization, with a majority of our members also represented in their own right.



ACRE's Future of Europe conference in Turin, Italy



Time to save the Baltic Sea

The Baltic Sea Summit in Stockholm brought together more than a hundred regional politicians to discuss what has been called perhaps one of the most understated environmental disasters of our time - the tragic situation of the environment in the Baltic Sea area. The discussion was on the environmental effect that human activity have had on the sea and ranged from the historic environmental damage due to munitions dumping to the irreversible damage from Russia pumping raw sewage in to the sea causing mass algae bloom. When the algae then decompose it uses up all the oxygen in the water resulting in the death of large quantities of fish - primarily herring and cod - compounding the over fishing in the Baltic. The discussion also touched on the affects the environmental degradation had on the Baltic fishing industry, the coastal communities and tourism.



ACRE held a meeting in Riga, Latvia alongside out member party, The National Alliance, discussing energy and defence, and the threat posed by Nord Stream II in particular.





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AND REFORMISTS IN EUROPE

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