

# **More And Better Globalisation –**

## ***EUROCADRES' View of the EU's Global Policy***

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## **1) Introduction**

This document is the view of *EUROCADRES* with regard to the EU's global policy. There are several reasons why *EUROCADRES*, representing millions of professional and managerial employees (P&MS groups) in Europe, has issued this statement.

Primarily, members of *EUROCADRES* deal with global issues perhaps more than any other group of employees. Globalisation is affecting their daily work continuously and permanently.

*EUROCADRES'* view of globalisation is naturally European. These *EUROCADRES'* global guidelines address what to include in the EU global policy and what measures are required.

The EU is gradually becoming a forum that provides more and more global guidelines. The European Union is currently implementing the new European External Action Service. In the future, the EU and its member states will have joint delegations and operations around the world.

In addition, the Treaty of Lisbon has come into force, providing further external action decision-making power in worldwide matters to the EU.

This is a groundbreaking project for *EUROCADRES*, and partly in the European trade union movement in general. Consequently, this document includes discussion of the definition and background of globalisation, an assessment of its current state and an opinion on the advantages and disadvantages of globalisation.

Because this is a highly future-oriented document, development trends also need to be assessed. They are an essential background for the recommendations concerning practical measures, material on which constitutes the main body of this document. There is a separate annex on possible future trends. They do not constitute a position of *EUROCADRES*, but one possible scenario.

## **2) Globalisation – definition and background**

Globalisation is a worldwide social, environmental, cultural and economic integration process. Interaction and interrelation are growing stronger on all levels. This is the result of an increase in trade and movement of capital; mobility of people and visions; developments in data, skills, and technology; and a deregulation. Alongside globalisation, increasing connexions, the world is simultaneously characterized by disintegration, reintegration and recomposition. These types of changes most often affect the professional and managerial staff and they are highly involved in these "processes".

Globalisation as a word was not widely adopted until the 1980's, although the phenomenon itself came into being centuries ago. In its current form, globalisation therefore is not a new phenomenon, but it is continuously gaining strength and accelerating, and it also is transformed by, for example, media and information technology.

## **3) The current state of globalisation**

One indicator of the acceleration of globalisation is the number of multinational corporations. In 1988, the number of multinational corporations was 18,500, at the turn of the millennium it was 63,000, and today the number of multinational corporations is estimated at more than one hundred thousand. A substantial number of workers in EU countries are exposed to global phenomena, connections,

economic concerns, and other global issues every day. In particular, this applies to the professional and managerial staff.

In the last few decades, from the globalisation perspective in particular, the world has changed more rapidly than perhaps ever before. Additionally, globalisation nowadays affects all mankind. Individual countries in the knowledge society and larger territories such as the European Union with their extensive trade connections have particularly strong links to globalisation.

Globalisation has contributed to enabling hundreds of millions of citizens of developing countries to rise from poverty and has enabled several industrialised countries, including most of the EU member states, to maintain high standards of living. It has created jobs and new sources of income. The availability and transparency of information have increased significantly. Also, the state of both democracy and of basic human rights has become stronger because of new global networks. The P&MS groups have both contributed to and taken advantage of this development.

On the other hand, globalisation has made competition tougher, which increasingly affects the professional and managerial staff as well. For instance, in the service industry with high skill demands and in the field of research this world-wide competition is harder and harder. Not all people feel that they are benefiting from globalisation. As it stands, globalisation seems to be based on unsustainable consumption and production instead of sustainable development.

Especially in recent years, the entire global system has gone through some difficult times. Shortly before the global economic crisis, there was the world food price crisis, and the energy market has also been unstable. WTO negotiations have come to a halt, and the climate change negotiations are at boiling point.

Despite the accelerated globalisation and its obvious friction points, fundamentally the structure and methods of operation of the global system are in many ways similar to those of the post-World-War-II era. Then again, in some areas the market economy is the most effective one (for example, in the trade sector). However, even these industries require strong enough frameworks and basic rules for their operations, as demonstrated by the recent fate of the financial market. Overall, the so-called globalisation governance seems largely insufficient.

#### **4) Advantages and disadvantages of globalisation, and the need for changes**

The current state of global development is challenging, and it is likely to become even more so in the future. Yet the advantages of globalisation outweigh its disadvantages. Secluded societies are not more affluent, financially successful, democratic, or environmentally friendly. It is also good to remember that many global concerns (including overpopulation) are not directly caused by globalisation.

On the other hand, so-called globalisation governance and various areas of policy related to it remain, for the most part, undeveloped. There are plenty of problems with issues related to financial, social, and sustainable development. Many of the problems are most likely to get worse in the future.

Needless to say, these problems will not be solved by turning back development hundreds of years and removing connections between people and countries (i.e., anti-globalisation). On the contrary, what is needed is more cross-border connections and co-operation.

Also, both international decision-making systems and governance of globalisation should be strengthened significantly. Development in various cross-border policy areas is required, along with a strong handle on various problems, and needs to be

in place as soon as possible. For these reasons, a comprehensive package of measures is required to enable an even better model of globalisation.

## **5) Recommended measures**

In short, what is required is more but better globalisation. These proposals aim at creating this better globalisation. It would be even more useful and more sustainable.

### **Working life**

*The EU should make efforts worldwide to guarantee all workers the right to a minimum level of labour standards and collective bargaining, and the right to organise. The basic rights of workers are included among the fundamental human rights, and denying them may also distort competition.*

The right to association and to strike are basic rights which the P&MS employees also need to have worldwide.

Equal treatment and decent work conditions should be the starting points for mobility and migration between the EU member states and developing countries. Additionally, the focus should be on how to successfully combine international career opportunities with private and family life.

Based on the ILO decent work agenda, the EU should develop a Decent Work Strategy to promote the workers' rights at the global level. The Strategy should commit the EU to increase the efforts to:

- Promote the strengthening of the ILO: improvement of its advisory capacity with the WTO, and consideration of trade blockades in cases of blatant violation of basic human rights; enhancement to ratification and implementation of ILO conventions; and the drafting or processing of ILO conventions on, for example, the supranational right to strike and standards concerning working time.
- Apply the directive on workers' right to information and consultation with the European Work Councils to all global companies, and Global Work Councils created. The role of P&MS is important for the implementation of GWCs.
- Initiate an adaptation of an ILO convention on psychosocial factors at work, such as stress, which is a priority issue for P&MS.

The concept of a living wage (i.e., wages at a level sufficient to meet the basic needs of an average-sized family) should be included in the EU Decent Work Strategy. A living wage should be included among the basic economic rights. In addition, increase of wages in proportion to national income is necessary.

Establishment of International Framework Agreements (global trade unions and multinational companies agreeing on respect for basic human rights) should also be included in the EU Decent Work Strategy.

### **Knowledge and skills**

*Having knowledge and skills is one of the preconditions for development, employment, and competitiveness in several fields, also on a global scale. It holds a key position in solving a variety of problems as well as promoting the status of individual workers and citizens.*

The EU should promote in the ILO global skills strategy investments in education, recognition of qualifications with a view to facilitating mobility and the key role of higher education.

Global ranking lists and classification systems used by institutions of higher education should be revised on the basis of the OECD work, and, if necessary, UNESCO should also be included in this development process.

Worldwide recognition of professional qualifications should be facilitated as part of the mobility of workers between the EU and developing countries, but this should not result in the lowering of qualification requirements.

The ILO convention on the certification of the skills system should be developed on the basis of an EU initiative.

The EU should contribute to the revision of the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) through a review of the industries it covers and an update of its minimum standards.

Worldwide mobility of students, teachers, and researchers between the EU member states and other countries, and its prospects, should be significantly improved. The education targets of the EU Europe 2020 strategy need to be examined also from the globalisation perspective.

Policies related to mobility outside the EU should aim for a shift from 'brain drain' to 'brain exchanges'. Europe is not yet an open and inclusive society with global responsibility. Mobility should be beneficial for both the source and the target country, and especially for the workers, from the perspective of their skills.

### **Economy and economic development policy**

*The EU should contribute strongly to giving impetus to new type of sustainable economic growth. Common global rules should be created for economic activities enabling undistorted competition and conditions.*

The EU should strive to eliminate tax havens and automatic taxation data exchange should cover all countries. Global tax coordination, cooperation and elimination of unhealthy tax competition are necessary.

A global tax on financial transactions should be applied to, for example, speculative currency trading in accordance with the European Parliament guidelines. The funds generated should be directed to employment, green jobs and educational purposes.

The EU should support a global levy on banks, for example, in view of future financial crisis. Sufficient stability of financial markets is accomplishable by increasing transparency, limiting speculative activities, providing sufficient resources and equipment for monitoring, and limiting the reward system for excessive risk-taking.

Fixing of exchange rates for additional competitiveness at the expense of other countries needs to be regulated, and, for these purposes, a monitoring system needs to be created and supervised by the IMF and the WTO.

Subsidies that distort competition and transfer unemployment from country to country have to be abolished, and a Global Competition Authority dealing with cross-border competition issues needs to be formed with rights equal to those enjoyed by the European Commission.

The EU should insist on putting in place regulations for free economic zones to ensure adherence to and compliance with basic human rights and to prevent distortion of competition, for example, for taxation purposes.

## **Trade policy**

*The foundation for the EU trade policy should be free and fair trade based on a multilateral system. Trading is an integral resource of welfare.*

International trade should be made more open including the areas of higher knowledge. Production and export subsidies should be abolished.

Fair trade systems need to be developed further, and ILO standards should be better incorporated into the systems. The regulations of the WTO and the EU should enable the implementation of fair trade criteria, for example, in public procurement.

Basic human rights and sustainable development should be included in an appropriate and legally valid manner in the EU trade and investment agreements, and the system for monitoring these agreements should be ratified.

EU decision-making processes for the Generalised System of Preferences need to be more transparent; the ILO should have a stronger role in the assessment of GSP agreements; trade union organisations need to have a right of appeal in requirement breach cases and compliance with the human rights treaties related to the system needs to be properly monitored – to enable genuine progress of the participating countries.

Public services may be included in the WTO agreements if the advantages of the arrangement are apparent and it will not present any significant disadvantages in provision of these services. The application of EU definition for services, i.e. provided for remuneration, should be assessed as a model for WTO definition for services.

*Footnote: The absence of remuneration between the provider and the recipient of a service suggests that this kind of service does not constitute a service according to the EU definition (see, for instance, the ECJ cases Belgium v. Humbel and Wirth v. Landeshauptstadt Hannover). In other words, a social, educational, cultural or medical service essentially financed out of public funds is not an economic service in the EU context. The similar use of remuneration concept in the WTO context may phase out essentially publicly funded social, educational, cultural and medical services from GATS agreements.*

## **Environment and climate**

*The state and biodiversity of the environment are important values for their own sake, but the living environment of human beings, and working environment issues are highly relevant in this context. Adherence to environmental standards or their neglect will also have a significant impact on the competition between the EU and other territories around the world.*

The sole aim of the global environmental policy of the EU should not only be to increase the number of jobs related to the environment; instead, it must contribute to making all jobs eco-friendly. The ecological footprints of production and consumption in the working life (carbon, water, pollutions etc.) need to be as small as possible.

The basis for the EU climate change policy should include emission reduction targets that enable keeping warming below 2 °C (85% reduction by 2050). Industrialised countries produce most of the emissions, but the growth is most rapid in developing countries.

International climate agreements need to be strengthened in order to allow carbon taxes on the products of countries that breach or have not signed the agreements. The EU should consider this type of taxation as a last resort if response to climate change issues does not progress otherwise.

The EU's development aid should be directed to support countries that adhere to the international environmental agreements. Pollution and loss of biodiversity are global threats.

The EU needs to support the idea of an International World Environmental Organisation, affiliated to the UN, which will receive similar authority to the WTO in its field of operations.

### **Social responsibility**

*Social responsibility and ethical conduct should be regarded as a natural part of the worldwide operations of the EU, employers, and societies. International regulations on social responsibility should be revised and strengthened.*

The EU needs to recognise the key role of P&MS in the promotion of social responsibility and underline the Responsible European Management. The rights of P&MS to reinforce social responsibility have to be strengthened.

The EU should contribute to the revision of OECD corporate social responsibility guidelines. Issues that require attention include, for example, supplier and delivery chains, living wages, inadequate legislation where in conflict with international standards and ethical traceability of products and services.

The ILO declaration on fundamental principles and rights at work and the social justice declaration should be adhered to by all employers. One vital element here is the compatibility of ILO declarations with OECD guidelines. These pursuits should be included in the EU contribution to the decent work policy.

The UN Global Compact strategic policy promoting social responsibility and the UN Principles for Responsible Investment (UNPRI) need to become as comprehensive and powerful as possible, and support is required also from the EU.

Trade union and comparable representative organisation access to information needs to be improved, and third-party monitoring of adherence to social responsibility is required.

There are numerous declarations and initiatives related to social responsibility and it is important to establish worldwide understanding of their fundamental guidelines, for example, with innovative support from the EU.

### **Governance of globalisation**

*The EU should aim to strengthen the governance of globalisation with the following targets: 1) creating international standards in fields lacking them; 2) establishing new international organisations with strong decision-making capacity; 3) enhancing the capabilities of influence related to civic activities and democratically elected institutions, including the influence and right to access of trade unions; and 4) by increasing the transparency of international institutions.*

For example, a permanent trade union advisory committee resembling the OECD-affiliated one (TUAC) should be established in affiliation with the WTO and the Group of Twenty.

Organisations based on free civic activities, including trade union organisations, should be supported worldwide, for example, through co-operation related to EU development policy.

The possibility of strengthening the UN to form a system that resembles a worldwide European Union – a global union (GU) – should be explored. The UN-GU should be given more decision-making capacity, and its decisions should become more binding. The memberships of individual EU member states in the UN should be integrated into collective EU membership.

The G-20 nations should be brought together to form a UN Economic Council, which should include also smaller countries, in a rotation system, and the EU, with collective membership.

The EU needs to form a unified external action service that will emphasise promotion of a more functional globalisation model as one of its main priorities. The EU should have only one voice in international and global context and institutions.

### **Other proposals**

The EU countries need to increase their development aid to 1 per cent of the GDP. The EU development aid needs to be closely linked with basic labour rights, the environment, and anti-corruption work. Decent work and education, including the education of women, should be among the main priorities of development co-operation.

The world population needs to be lowered worldwide through the use of schooling and sex education, to avoid restrictions, as a last resort, on the curbing of birth rates.

Efforts should be made to reach better coherence between the decisions taken in different international institutions, such as the WTO, ILO, IMF and the World Bank.

Additional methods, or alternative ones to GDP, as a standard yardstick for prosperity are required, along with their comprehensive use also in global organisations. The GDP should be complemented in particular with assessment of people's well-being and the state of the environment, and various social and ecological footprint indicators introduced by the EU Beyond GDP initiative.

## **Annex : Possible global future prospects**

Making predictions about global development today is just as difficult as ever. The only absolute certainty is that none of the predictions are likely to be entirely true. However, it is of utmost importance in the global context that some predictions are made to create a basis for policy proposals. In addition, despite all the uncertainty, it is possible to detect some changes or factors that might be achieved at least to some extent. Assessments made by *EUROCADRES* along with various international surveys point to the following future developments occurring in the next two to three decades as one possible future scenario:

- a) Prices of raw materials, food, energy, etc., increase substantially because of, for example, the world population reaching more than 10 billion people, and the increased consumption in the developing countries. This will result in large-scale adaptation processes related to production, everyday life situations, etc.
- b) There is an extensive global increase in the level of education. Higher education has become a competitive edge almost everywhere, and therefore applying it as a standard recipe for success alone is not enough. Emphasis is on the ability to process information and specialisation. This change affects professional and managerial staff everywhere.
- c) Increasing employment, seasonal employment, the informal economy, working time, psycho-social working life factors and several other "old" issues related to working life remain significant. On the one hand, multinational corporations consolidate their cross-border staff-related issues, but, at the same time, company-based wage agreements are also common. Significant new issues related to working life emerge, such as the health effects of nanotechnology. Protecting the privacy of every citizen and employee becomes a top priority.
- d) The decline in the number of members in the trade European union movement stops at some stage, if it succeeds in modernising itself and the development at the global level is mixed. The trade union movement diversifies its strategy more and more toward service-provider for its members and towards those of non-governmental organisations. It wants to become an opinion leader, a lobbyist, a street activist, a network leader, etc. Workers' awareness of their rights increases in the developing countries. There have been efforts on cross-border mergers of trade union organisations, but a closely-linked network of co-operation has proved to be a better solution.
- e) More and more employers are international and multicultural (an example is the emergence of Chinese and Indian employers in Europe and the US), and the role of individual nation-states in their future visions becomes smaller all the time. International delocalisations will further increase. It becomes more and more common that in the welfare service industry also the employer's headquarters are in another country or even on another continent.
- f) Welfare services gain ground in some parts of Asia, Africa, and Latin America, but the publicly funded welfare services in the Western countries of today face cutbacks because of debt repayment, demography, and slow economic growth.
- g) The overall security situation improves with the increase of interdependency between countries. On the other hand, migration causes tension on the local level and in the workplace. Multicultural workplaces become the norm, but the EU will remain as an internal labour market. Secularisation progresses, and people's ideologies become more varied.
- h) Because of insufficient action, climate change and environmental problems are not under control (for instance, the carbon emission reduction requirement is over 80%). In the 2030's, the concerns become serious: for example, radical emission reduction measures have to be taken. This has a significant impact on working life as well as everyday life.
- i) Various fields of technology, including information technology, genetics, and biotechnology, move forward in great strides (for example, connecting a human brain to a computer) and aid in development of work methods and

equipment. Professional and managerial staff are the forerunners in this development.

- j) Asian, African, and Latin American citizens move toward a European-American model of consumption but can never reach the level of today, because of both the lack of raw materials and environmental problems. In the US and Europe, consumption (and, along with it, working life) undergoes significant changes. In addition to decreasing, it also becomes, for example, low-carbon and resource-efficient.
- k) The era of constant economic growth based on excessive consumption is over in the Western countries of today, and the repayment of debts partly brought on by the recession that began in 2008 will continue to affect households for decades. There is a shift from a mass consumption economy to 'green' and 'smart' economic strategies. The gross domestic product (GDP) loses its central position as a standard measurement value, because the world population and the CO<sub>2</sub> concentration in the Earth's atmosphere fundamentally determine the prerequisites for the survival of mankind.
- l) Mobility accelerates, and there is large-scale urbanisation because of population growth and overall internationalisation, as well as a mix of populations. For instance, large communities of people from Asia, Africa and Latin America emerge all over the world. People with a higher education have almost unlimited global migration opportunities.
- m) The importance of basic human rights is emphasised, as are social responsibility and ethics. Women experience a breakthrough in a variety of fields of society, including in the Arab countries, and the equality of men too is regarded as important. Democracy is putting down stronger roots and spreading, China included, although opinions vary about its content.
- n) The multipolar world develops: The significance of the United States, the EU, and Japan declines in proportion to the growing significance of, for example, Latin America and India. China could become the most prominent country in the world in the 2030's. Europe may have a weaker global position, because of the contradictory development in Russia and in some member states of the EU. The 'free' market economy is joined by the successful 'planned' market economy. The traditional Western countries move from being the beneficiaries of globalisation and the definers of the ground rules to being the ones that are challenged.
- o) Regional and continental integration between countries increases, but the free trade system and the global financial market survive. The membership of the Western Balkan countries, Ukraine, and (in particular) Turkey has made the EU more diverse. On the other hand, it has taken additional steps towards deep integration and partly harmonised the policy of Member States in some significant fields (such as foreign policy, energy and economic policy).