



# Vision Europe Summit

## Conference Declaration

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## Winners and Losers of Globalisation

Over the past thirty years, economic globalisation – the deepening interconnectedness of the world economy driven by increasing flows of people, goods, services, capital and information – has transformed the way people work and live. European societies and economies have become increasingly open and integrated, rooted in shared institutions and a level economic playing field. Overall, Europeans are wealthier and more prosperous because of this – trade has grown, goods are cheaper and consumer choice is broader – but the effects have been uneven and not everyone has felt the benefits.

Some fear the changes brought by social and cultural openness and no longer feel a sense of control over their lives. While European demography suggests the need for inward migration, some people feel anxious about the consequences of rising ethno-cultural diversity. In many countries, Europeans are turning to populist parties and protest movements, who have been adept at articulating some of their concerns. Europe now appears to be facing a backlash against aspects of its open vision of economic globalisation, placing pressures on European democracies which already face challenges of political fragmentation, voter turnout and citizen engagement. The EU is affected by these trends, but European integration has also served as a driver of them. There is therefore a need to ensure that economic globalisation makes Europe not just more prosperous but that the benefits of that prosperity are shared across society and across all regions and areas.

Globalisation and its interactions with technological change represent both opportunities and challenges. The pace of change is only likely to accelerate, as technology transforms labour and employment patterns further. European countries will be better placed to handle the competing pressures of an integrating global economy, managing risk and capitalising on opportunities by working collaboratively and collectively. The EU needs a pro-active agenda to make open societies and open economies sustainable.

Here are a number of principles which should guide this agenda:

- **Open economies should be inclusive.** The ambition should be to combine economic integration with greater equality of opportunity and protection for the most vulnerable. The benefits of growth need to be spread across society, and individuals given support in adapting to economic change.
- **Social welfare systems should be designed as an investment,** to ensure a safety net but also to support and empower citizens to succeed in a changing labour market, thus delivering high long-term rates of social return.
- **Progress requires good institutions.** Reform has the best chance of success if it is built upon capable, accountable and responsive institutions which are able to plan for the long term.
- **Prioritise the development of new engines of economic growth,** as only an economically sustainable Europe will be well placed to strengthen social policies. Such

growth must be ecologically sustainable by decoupling resource consumption and environmental degradation.

- **Strengthen democratic processes**, which face challenges in many areas from a lack of institutional trust and voter apathy.
- **The EU's collective strength is a key asset.** The EU offers the best chance through which to devise such solutions, because its scale is large enough to preserve the gains from openness while constituting an arena for the legitimate and viable creation of regulation and standard setting.
- **The EU should support and defend a rules-based international order.** Despite their relatively weak position at present, the EU and its neighbours, including the UK, should continue to do all they can to sustain an international order adhering to a rules-based system which offers the best chance of addressing global challenges.

Building on these principles and Vision Europe's work over previous years, the following proposals offer positive ways to move forward:

#### At the national level

- **Prioritise social investment** – investment in human and social capital to enable people to adapt and thrive amid socio-economic change.
- Focus investment in social infrastructure such as **education, workforce skills and active labour market policies**, which can contribute to improving productivity and support adjustments to the effects of trade-driven and technological disruptions. More detail on these is laid out in our previous work on the welfare state.

#### At the EU level

- **Supply tangible resources to member states to overcome policy lock-ins and prevent systemic competition leading to a race to the bottom between national welfare states.** The EU should be particularly proactive in promoting and incentivising a reorientation of national policies towards social investment.
- **Develop the scope of the European Globalisation Adjustment Fund**, which supports countries when large numbers of workers are being made redundant in a region, and enhance its visibility. It may be possible for the fund to make preparatory investments as well as retrospective investments.
- **Advance EU social policy**
  - Introduce minimum standards for labour market, wage-setting and social inclusion, in order to combat social dumping and facilitate mobility, preventing downward social competition while ensuring free and fair movement of labour and a functional internal market.

- Increase and better target the EU's resources for encouraging reforms and especially social investment, for example by widening the European Fund for Strategic Investment to cover social as well as physical infrastructure.
- Improve social governance arrangements within the European Semester.
- Specifically include reforms on social investment in the list of conditions for obtaining "flexibility" in national budgets.
- Support European social dialogue.
- **Explore a mechanism of European solidarity to absorb shocks**, for example with a European re-insurance of national unemployment schemes, fully considering also possible moral hazard effects.
- **Use structural policy more effectively** to compensate and enable regions and social groups currently losing from trade.
- **Enhance the social dimension of EU citizenship**. Ideas could include a social insurance scheme for mobile workers or an EU fund to ease the impact of mobility on the destination community.

#### At the international level

- **Ensure the EU and Britain remain regional and international partners**. It should be a clear priority for both parties to create a framework which supports deep and close cooperation internationally. The EU and Britain will remain obvious partners in terms of their values, interests and geographic proximity. In the long run, both will benefit from partnering to tackle challenges to the international rules-based order.
- **Maintain the foundations of transatlantic relations, based on shared values and common rules**. Despite current differences in many areas, it is important that these do not derail the broader transatlantic relationship, and that links are maintained across the broad spectrum of institutions. The US and Europe will remain essential partners in managing the global economy.
- **Engage constructively with major emerging economies, in particular China**: The EU should aim to support China in particular in playing an active role in sustaining the international economic order of which it has been one of the chief beneficiaries. It is sensible for the EU to approach China's flagship strategic infrastructure initiative on the 'Belt and Road' positively at this stage. But, in seeking to explore opportunities for a deeper economic relationship with China, the EU should work to ensure that China plays by the rules. Opportunities in the near future could involve a potential investment agreement, based on reciprocity.





## Vision Europe

This conference declaration was signed on 15 November 2017 at the occasion of the third annual Vision Europe Summit in Turin. The signatories are leaders from the eight think tanks and foundations convening the Vision Europe Summit.

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## Further reading

Winners and losers of globalisation. Vision Europe Summit, Conference Publication 2017, edited by Collegio Carlo Alberto, Turin: <http://www.vision-europe-summit.eu/globalisation/>

Building common ground: Towards strategic migration and refugee policies in Europe. Vision Europe Summit, Conference Declaration 2016: <http://www.vision-europe-summit.eu/summit-declaration-2016/>

Redesigning European welfare states: A time for action. Vision Europe Summit, Conference Declaration 2015: <http://www.vision-europe-summit.eu/summit-declaration-2015/>

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