GLOBALISATION PROCESS IN THE SINGLE EUROPEAN MARKET

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Abstract:

Globalisation is a relatively new concept, whereas the phenomenon so called is not a historic novelty in every aspect. At the end of the 19th century and the beginning of the 20th century, other terms were applied: 'imperialism', 'global capitalism', 'global market', etc. The contemporary form which these processes have adopted does not have a definite beginning, denoted with the name of the initiator or the name and date of an event. It may be assumed that the current era of globalisation began in approx. 1980. Setting the chronology is a matter of convention, but the adoption of it allows for the comparison of what used to be before and what is today – confrontation of the period before globalisation with the times of globalisation.

Introduction

Globalisation means dissemination of certain processes and phenomena on a global scale. In the market aspect, it manifests itself in the form of a specific standard whose creators and carriers are global companies which, due to conducting a specific activity in more than one country, in such areas as research, logistics, marketing or development, make financial profits in the form of reduced costs. As it can be seen, globalisation is a complex process. Discussing globalisation, we are talking about free flow of information and development of communication systems, which facilitate interpersonal communication (the Internet, mobile phones). Then, globalisation is the liberalisation of international trade where, as a result trade development and easier border crossing, access to modern products of the global industry has become greater. Globalisation is also free flow of capital. Transnational corporations invest in different countries of the world, which provides people with easier access to a wide offer of products. On the other hand, free movement of people as another aspect of globalisation is possible thanks to the liberalisation of regulations pertaining to border crossing, removing technical barriers, developing the global road, air and sea transportation systems. A change of the role of production and sales factors is important specifics of the current stage of technical development. Not only continuing, but also increasing demand barrier decides on the extensive resources being globally distributed capital, production plants, unused potential, raw materials, semi-finished products and the ever-increasing number of people being replaced by technology. Single European Market covers the entire area of the European Union without internal borders, where homogeneous flow of goods, people, services and capital applies. It has been created thanks to the abolishment of internal borders. A single market is rather an internal market. The aforementioned terms function interchangeably in Polish. They

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result from different translations of the same term from German: 'Binnenmarkt', and from English: 'Single Market'. Single market reminds of the fact that the European Union is above all the area of operation of competitive companies. From this point of view, it is an economic space similar in functions to the territory of a single state.

The market is the core of the first pillar of the European Union, in particular covering economic and social problems. European Integration, which evolved from the common market and customs union (established pursuant to the Treaty of Rome of 1957, establishing the EEC) to the internal market (as a result of the Single European Act of 1986), was with time enriched with the Economic and Monetary Union and, within the framework of it, with the common currency – euro (as a result of the Treaty of Maastricht of 1992), ensuring even better operation of the single internal market within the euro zone.

1. Characteristics of the Single European Market.

The market is another stage of integration processes within the European Union. For the first time, actions in favour of establishing an internal market were provided for in the 'White Paper' submitted by the European Commission in 1985, which showed the strategy of achieving the market before 1992 by adopting 282 legal acts. Its general assumption was the withdrawal from the 'institutional', detailed harmonisation of the law. Harmonisation of the law within the single market was first of all to be 'functional', referring to the 'mutual recognition' principle. Where the mutual recognition principle could not be taken advantage of, the so-called New Approach to Technical Harmonisation and Standardisation was applied. Pursuant to it, the Council of the EU provides for, in the form of directives, only basic and generally outlined requirements regarding safety and health, environment protection and consumers, and technical details are provided for in European standards.

The Single European Market is the largest in the world area of combined, diversified national economic of the European Union Member States, which features, among other things, a population of 375 million people. Then, the industrial output amounts to approx. 25% of the global production, and the total GDP of the Member States runs at the level of approx. 8 billion euros while the share in the global trade turnover is approx. 20%.

2. The essence of the principles of the Single Market of the European Union.

The main objective of the Single European Market is the implementation of the principles of free flow of goods, free flow of persons, free flow of services and free flow of capital. Each of the aforementioned principles is equally important although each governs a different aspect of the internal market operation. These so-called 'four freedoms' apply to every aspect of economic activity and are reflected in the European Union legislation. The EEC Treaty provided for the general rules ensuring achievement of the objectives underlying the establishment of the single internal market.

The free flow of goods means unrestrained exchange of commodities between Member States thanks to the abolishment of border control, adjustment and mutual recognition of commodity standards and fiscal regulations. The free flow of goods required standardisation of taxes, custom fees and application of uniform standards from the European Union countries. The principle of free flow of goods ensures, among other things, abolishment of customs and border fees between Union countries, absence of discrimination regarding internal taxation, and prohibition to introduce quantitative limitations in import and export. A prerequisite for the achievement of the free flow of goods was the abolishment of customs and all similar charges between the EU countries. It was also necessary to develop a common customs tariff in trade with non-EU countries. Liquidation of internal customs involved establishment of a customs union between Member States.

Initially, export customs were abolished, then import customs were gradually reduced and eventually abolished. Also, other charges imposed by European Union countries on goods crossing customs borders were abolished.

The free flow of goods principle applies exclusively to products from EU countries and those which have been legally marketed to the EU territory.

On the other hand, as far as the free migration of people is concerned, this is a right of European Union citizens to move freely. i.e. the right to employment, life, settlement and enjoyment of social benefits at any place on the EU territory, irrespective of national status. Initially, the right to settle in any Member State applied in principle only to economically active people and their families, and then it was extended onto students, old-age pensioners and other citizens of Member States if they possess sufficient resources to live on and they are insured. EU legislation in this aspect of the internal market is aimed at, among other things, ensuring concordant development of the labour market and access to it for all the interested, irrespective of national status, creation of conditions for mutual recognition of graduation diplomas, and ensuring moving persons all social rights, also in the area of education and health protection. Nevertheless, there are still numerous obstacles to people moving from one country to another or in pursuing certain professions. The Commission has undertaken measures aimed at improving employee mobility so as to ensure, for instance, education diplomas and professional qualifications obtained in one EU country will be recognised in all the other EU countries.

The single market certainly exists and operates, but there are still works going on, regarding its completion, and it continually requires changes and improvements.

Member States might allow for the opinion of the European Commission when taking decisions on the abolishment of restrictions in the labour market but were not obliged to do so. As of 1 May 2006, Spain, Portugal, Finland, Greece and Iceland fully opened their labour markets to citizens from new Member States, and the other Member States maintained the restrictions. Still, part of them, including France, Belgium, Luxembourg and Denmark, are planning or have already loosened the current regime, opening certain sectors or relieving restrictions with respect to access to the labour market. Italy first announced an increase of quota for employees and then, on 21 July 2006, announced full opening of its labour market to new Member States. Austria and Germany decided to prolong the interim period by the next three years; in August 2006, the Austrian Chancellor announced that he would authorise the Minister of Economy and Labour to commence a dialogue with social partners on the earlier opening of the labour market to employees from Eastern Europe, employed in care and nursing. With a decision of the federal government, as of 1 November 2006, access to the labour market for citizens of new Member States was to be liberalised in home care for the elderly. As of 1 January 2007, the European Union has been enlarged with the next two states, Bulgaria and Romania. Upon Bulgaria and Romania's accession to the European Union on 1 January 2007, citizens of these two states were subject to the interim period of access to the EU-25 labour market until 2014. This means that Member States will be able to apply any restrictions to the free flow of people within a period of up to 7 years of these countries accession to the EU.

Poland is of the opinion that there are not any premises to maintain restrictions regarding free flow of people. Since the enlargement of the EU, the level of migration in the EU has increased to a very moderate extent, not disturbing the situations in the European labour markets. Employment market opening by Ireland, Great Britain and Sweden did not result in mass wage earning migration from Poland and other new Member States. Employees from Poland and new Members States who decided to find jobs in these countries contributed to the economic growth of these states. Moreover, they are appreciated for their professionalism and reliability, often perform work in areas in which job supply of the admitting country is limited, and thus fill in the niches in the labour market which the admitting country is not able to fill with its own employees. In addition, Poland believes that EU freedoms, including the free flow of people, must be applied to all members of the European Union. A report of the European Commission also indicated positive consequences of opening the labour market to the citizens of new EU Member States.

Another principle is the principle of the free flow of services. Services include all services most frequently provided against payment, in particular services provided as part of the conducted trading, industrial or craftsman's activity, or learned professions. The principle of free flow of services means the right to purchase foreign services provided by entities from partner countries, both on the territory of one's own country and in the country of residence of the service provider, as well as the right to sell such services, including the right to undertake and perform jobs on one's own account, to establish and run enterprises, companies, agencies and branch offices. Liberalisation of service trading within European Communities met with numerous obstacles related to the specifics of the service-providing activity, difference of the legislation applied by individual states, and the far-fetched particularity of national regulations, above all in the area of financial, insurance and transportation services. Some branches of services, including telecommunications, power engineering and air transportation, were in Member States traditionally dominated by national monopolies. In this situation, almost half of the 282 adjustment activities with respect to the internal market, provided for in the White Paper[2] of the European Commission, pertained to services. Nonetheless, detailed standardisation of the Member States regulations in this area appeared impossible and minimum standardisation at the level of the Community had to be restricted to while adopting the principle of mutual recognition of the regulations applied in individual countries.

Enjoying the right of the free flow of services means that we can get insured with any company (e.g. in England), open an investment account in France, and save at yet another place. At the same time, EU citizens may take advantage of services provided in Poland. Polish financial institutions have gained the right to operate in all the EU countries. An additional licence is not necessary for that – permits issued in Poland are sufficient. Polish companies allowed to public trade may apply to debut at EU stock exchanges. Of course, similar privileges also regard activity of companies and institutions from Member States in Poland pursuant to their licences and permits. Following Poland's accession to the EU, the free flow of service provision also covered the financial sector, air transportation and telecommunications, that is sectors and branches of the industry so far treated preferentially.

The last principle is the principle of the free flow of capital, which refers to independent financial transactions, not associated with the flow of goods, services or people. At the same time, it is a necessary prerequisite for enjoying the other freedoms, e.g. conducting economic activity on the territory of another Member State. The introduced freedom of capital ought

[2] In 1985, the Commission of the European Communities developed a programme regarding completion of the creation of the internal market until 1992 and published it as the 'White Paper'

with time lead to the development of a common market of financial services and securities. EU citizens gained the right of unrestrained selection of he place to open their bank accounts and deposits, and to conclude banking transactions in all the EU Member States. Along euro zone countries achieving the comprehensive Economic and Monetary Union, the term of 'freedom of the flow of capital' lost – in the context of internal relations between these countries – the right to exist.

Summary

The contemporary phase of globalisation brings about significant changes in the labour market. Technological innovations and the trend to increase the production costs by means of reducing employment lead to the increase of unemployment. Additionally, the risk of moving production to countries in which the costs of employment are low increasingly affects remuneration decrease, decrease of employee social guarantees and deregulation of the labour law in developed countries. Weakening of the corporate model of capitalism also affects continental Europe countries. As it appears, introduction of neoliberal solutions associated with making the labour market more flexile does not have to result in satisfactory solutions in a long-time perspective. The primary problem here is the problem of demand barrier in the internal market, which in the situation of the increasing structural unemployment may threat the sustainable development. Automation of the production process and technological development will soon make authorities face completely new challenges regarding unemployment. On the one hand, borders are opened and labour flows, and on the other hand, the flow of technologies and its modernity favour employment reduction. As it appears, there will soon arise a need to solve the problems pertaining to structural unemployment resulting from the development of modern production technologies. Without public interventionism with respect to that, in particular without a comprehensive demand policy implemented both at the level of the European Union and of the Member States, it will be difficult to solve the problem of the decreasing demand in the internal market as well as of social destabilisation related to mass unemployment. Of primary importance to the current phase of globalisation were the geopolitical changes in the world. Among the most significant ones, it is worth mentioning the collapse of the bipolar system which entailed the opening of new markets, greater access to global resources of raw materials, labour and capitals. In that way, globalisation gained its own ideology and dominating economic doctrine. This was of primary political, and even psychological importance to the selection of the development route by system-transforming countries and most developing countries. Another factor accelerating globalisation processes was the European Integration. Deepening of the integration in the economic and political aspects was inspired by the phenomena accompanying globalisation, including, above all, the increasing economic competition in the world. It is beyond doubt that one of the most important motives of the European Integration was the matters regarding economic development, in particular related to the establishment of the free market and liberalisation of economic exchange in Europe. This is the fundamental similarity between the integration processes and the economic globalisation, and entails many other similarities, among others gradual concentration of economic activity in Europe, increasing scale of economic exchange (trade and investments), or the increasing role of financial markets. Thus, the challenge of global competitiveness makes Europe face important objectives related to technological development and consolidation of the largest EU groups of companies. At the same time, there arises the problem of oligopoly and protection of the EU market against negative consequence of the excessive economic concentration. This ought to be complemented with the problem of social support for the less economically developed

countries. As it appears, the rules of social support and competition policy in the countries of the European centre ought to be different than in semi-peripheral countries, in particular in new Member States. The aforementioned countries are yet to complete the transformation of their economies and need a well-developed public policy with respect to modernisation and consolidation of their economies. Another globalisation-related challenge for Europe is the problem of regulation of financial markets. The primary objective of regulation ought to be a greater integration of these markets in the European scale as well as facilitating utilisation of EU and external financial resources in order to stimulate economic development in Europe.

Critics of globalisation relate it to the 'winner takes it all' syndrome and emphasise that the mechanisms created by globalisation are used by the richest and strongest countries, companies and entities to make the greatest profits. Continuation of this trend poses the risk of it leading to the collapse of democracy and creation of new systems of control, in which the rich will decide in the name of everybody. In order to oppose it, common must become the awareness that the free market is only a mechanism and a tool to achieve certain objectives, not a philosophy of society functioning. The free market may prove itself when it is accompanied by operating institutions which allow for the costs of human failure and, at the same time, try to extract and propagate what is best of human nature. Europe must be a strong player on the international stage. Nobody may contest the role which Europe plays in the world. Irrespective of whether the problem is the support for development, trade policy, foreign and security policy or the foreign aspects of other policies, expectations towards Europe are ever increasing.

It is equally obvious that European activities on the international stage are far below its economic importance and political potential. Only through the existence of effectiveness of joint operation can our values and political declaration converted into reality. We will never be able to appropriately react to a crisis in Europe or in any other place if we do not have common instruments and resources required to apply them. As a player both on the continent and on the international stage, the EU has to meet increasing challenges and obligation of the leader in the region. Globalisation is a process which cannot be escaped. Who will not participate, actively participate in the process, will remain far behind developing countries and will not be able to catch up with anybody who participates in this very important process of globalisation.

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