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## Concluding Remarks

Ladies and Gentlemen, I would like to take the opportunity to say farewell to you all. It was a stimulating conference which offered many important insights. Let me summarize just a few of them:

We have seen that globalization is not without precedent in historical perspective. It is a process that seems to form a distinctive U-shaped pattern over time, with high economic integration in the period between 1870 and World War I and again in the period starting in the 1980s up to now. In the course of the current process of globalization, many more countries have been integrated into the world market economy. The global labor force is now twice as big as it was in the first period of integration, thus enabling a much deeper international division of labor and a more efficient allocation of scarce resources. We observe a much higher level of competition in product, financial and labor markets; firms can choose from a wide array of locations for the production of their goods and services. The driving forces of globalization are, on the one hand, firms trying to optimize their business activities and, on the other hand, consumers in search of cheaper and better products that improve their individual welfare.

Globalization offers opportunities and bears risks. The process of creative destruction (as analyzed by the Austrian economist Joseph Schumpeter) accelerates in a more globalized world. This means that sometimes pains precede gains: The problems caused by the process of globalization may affect few people and materialize in the short run, while the associated benefits are usually

enjoyed by many people and only in the medium to long run. If we take a look at what people think about globalization, as much as one-third of Europe's population has a negative attitude toward globalization, while two-thirds have a positive opinion on it according to the Eurobarometer surveys. The results for Austria are more negative: An equal share of the population rejects and welcomes globalization.

As many speakers have pointed out during the conference the problems associated with globalization



cannot be solved by trying to prevent it – globalization is simply happening. Therefore it would be desirable for governments as well as for individuals to conceive it as an opportunity and make the best out of it. Instead of trying to satisfy people's natural desire for economic security at the expense of flexibility, we should use flexibility to fulfil this desire. Education, training and entrepreneurship are the key factors of success in this area. Furthermore, I would like to underscore again that the current economic weakness of Europe is not related to the process of globalization but to internal reasons. Europe has nothing to fear but a lot to gain from globalization, provided that we implement the right policies. European Monetary Union clearly deepens the integration

of financial markets in Europe, while at the same time providing for more stability worldwide. The EU has considerable potential to raise its potential growth rate through simultaneous reforms on the product, financial and labor markets. This would not only be good for Europe's citizens, but also contribute to unwinding existing global economic imbalances.

The integration of Central and Eastern Europe (CEE) into the world economy has proved to be particularly positive for Austria; some even speak of a "neighborhood globaliza-



tion" in this context. Austria runs trade surpluses with the region, the stock of foreign direct investment in

CEE generates considerable returns for Austrian firms and employees. The fact that Austria has to compete with these countries as a location of production has also accelerated reforms in Austria itself. Recent examples include the tax system or public sector efficiency. Still, there is no reason for complacency. We need to intensify our efforts to foster research and development, innovation and education with a particular focus on migrants. There is still room for improvement in increasing the efficiency of the public sector, achieving higher rates of entrepreneurship and introducing more working time and wage flexibility.

Ladies and gentlemen, let me conclude with Professor Taylor's quote of U.N. Secretary-General Kofi Annan's statement: The main losers in today's very unequal world are not those who are exposed to globalization but those who have been left out. Or Professor Holzmann, globalization is a very effective means of reducing poverty. 

