

Philipp M Hildebrand: Open world - Switzerland open to the world

Summary of a speech by Dr Philipp M Hildebrand, Member of the Governing Board of the Swiss National Bank, at the Swiss Economic Forum, Thun, 7 May 2004.

The complete speech can be found in German on the Swiss National Bank's website (www.snb.ch).

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Globalisation - the worldwide exchange of production factors, goods, technologies and ideas - is a process that has evolved in different ways and degrees ever since humankind can remember. Technological progress is the actual driving force behind globalisation. It thus becomes possible to reduce costs through increasing specialisation and the best use of comparative advantages. The process of globalisation, however, is restricted to some extent by national and international legal frameworks. Despite overall positive and widespread net effects, globalisation is, however, frequently not accepted due to adjustment costs arising for certain global players.

With its successful export sector and its comparatively attractive local conditions, particularly the excellent infrastructure and the flexible labour market, Switzerland has the potential to benefit from the continuing globalisation in future as well. A necessary condition for this, however, is a rise in productivity and, as a result, enhanced competitiveness of the domestic sector. With international competitive pressure intensifying, insulating itself or merely adhering to the status quo are no options for Switzerland in the long term. This would lead to considerable losses in social security and growth and threaten the long-term survival of the country's social institutions.