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It is a great honor for me to speak on this meaningful occasion of the 2006 OECD Forum. Considering the theme of this year's Forum, "balancing globalisation," I feel particularly honored to be representing Korea that has fully enjoyed the benefits of globalisation.

My recollection of Korea's relations with the international community during my childhood is aid from rich countries after the Korean War. Then, I remember our parents began running all around the world to sell our products. Salaries rose and we could afford to buy larger houses. While incomes continued to rise, I could see more and more foreigners in Korea, not only in the business of trade but also in finance and even in sports. And today I am standing in front of you to speak of globalisation.

Globalisation: Its trends

We all know that we are living in an era of explosive trade expansion. Just as individuals can be better off trading with each other, the international trade of goods and services brings gains in efficiency for participating countries. But we do not stop here in integrating the world and enhancing efficiency. Not only the products themselves, but also the production factors are moving across national borders. Capital is now, more than ever, moving freely across countries to seek best returns. Even workers are prepared to choose a country where they can best show their own talent. These trends seem irreversible, regardless of the wishes of each individual nation.

The airfare for traveling around the world exceeded the annual income of an average Korean worker, thirty years ago. Today, it is just a monthly salary. Brisk development of ICT is reducing the cost involved in international transactions at a speed never imagined in the past. In fact, the development of ICT is changing the dimensions of global integration, from a country level to an individual level.

A Chinese girl in Shanghai is chatting with her friend in London. An Indian technician in the city of Hyderabad is working for a computer company in New York. The world is truly globalizing.

Globalisation: Its light

How will globalisation affect our lives? It will certainly help us to live more prosperous lives than before. A banana, once the most expensive fruit in Korea, has become cheap to any common Korean as a result of import liberalisation. More and more Koreans can afford to enjoy the grand scenery of the Rocky Mountains and the beauty of Paris.

We are all aware that active participation in globalisation has brought remarkable growth in China since the 1980s, and in India more recently. This simply means that over 40 percent of the world's population is being saved from poverty. Ireland has gracefully transformed itself from a small, forgotten country in Europe to a rich, advanced country through foreign direct investment.

Vietnam's rapid development via economic liberalisation and FDI also deserves our attention.

One might ask the question: "Does globalisation promise prosperity everywhere?" My answer is yes, with the extent of prosperity depending on the internal adaptability of the nation. More importantly, I have yet to come across economic success without market liberalisation. A research result that I recently came across stated that the average growth rate of actively open economies was five times higher than that of closed economies.

Globalisation: Its shade

Although history has repeatedly proven that globalisation brings economic prosperity with better opportunities, many people still resist and even fear it. This is primarily because the enhancement of efficiency resulting from globalisation is brought about by intensified competition among countries, firms and workers. Countries, not to mention firms, are competing with each other to attract knowledge and capital. Workers in advanced countries are now competing with those in developing countries for better jobs. This intensified competition operates as a factor that deepens the disparity between nations and individuals. In this sense, disparity might be an inevitable result of increased efficiency.

Nonetheless, if we fail to contain it at acceptable levels, a number of countries will continue to resist the trend of globalisation, putting the noble cause for the "better welfare of humankind" at peril. And those nations that opt for maintaining closed economies will lose out on opportunities to save their citizens from poverty, eventually finding it even more difficult to promote social integration.

Other voices of concern have also been heard. One such voice has claimed that globalisation will magnify the adverse impacts of external shocks to domestic economies, diminishing the effectiveness of individual nation's policies.

I still have vivid memories of the Asian crisis in 1997, in the wake of which the Korean economy was severely hit.

The Role of Government

Despite these concerns, I am confident that the benefits of globalisation outweigh the possible costs. As a representative of Korea, I dare to say that no Korean would want to go back to the economic conditions of 1960s Korea. Our choice, then, should be clear. We'd better actively participate in globalisation, rather than attempting to resist it.

At the same time, we must make every effort to minimize cost of globalisation, while maximizing its benefit. The labor market, for instance, needs to become more flexible in order to reap the benefits of globalisation. This, however, must be accompanied by efforts to promote the employability of workers and to minimize the victims of structural

adjustment. Social safety nets should also be strengthened to protect those left behind and enhance social cohesion.

In the case of capital markets, cross-border transactions should become more liberalized so as to facilitate globalisation. Here again, prudential regulations and adequate monitoring must be in place so as to prevent any possible magnification of economic instability. We have learned from the Asian crisis that financial liberalisation without prudential regulations is potentially damaging.

In short, each nation must adapt its institutional system to a new global environment. Institutions will be left non-tradables to the end, becoming the ultimate determinant of a nation's future in a fully globalized world.

Policies of the Korean Government

With this vision of globalisation, the Korean government has continued with its efforts to move forward over the past half century.

Perhaps the best evidence of Korea's full commitment to opening was our response to the financial crisis that broke out in 1997. In spite of heightened criticism of liberalisation, we decided to further open our capital market, while substantially strengthening prudential regulations this time. And we overcame the crisis more successfully than any other crisis countries. Currently, the Korean government is making great efforts to establish more Free Trade Agreements with many countries including the U.S. Given the reliable track record of the Korean government regarding liberalisation, I expect the results to be successful.

While opening and liberalizing the economy, we have never forgotten the importance of policies to protect those left behind. The portion dedicated to social support in our GDP has continued to increase. In particular, the Korean government substantially strengthened the social safety net in response to the crisis.

Also, Korea is actively participating in the international community's commitment to reduce inter-nation disparity. Recognizing that ODA was truly an important stepping stone for Korea to overcome poverty and leap to the next level, we aim to double our ODA by 2009. ODA to Africa, in particular, will be tripled in line with President Roh Moo-hyun's "African Initiative" announced earlier this year. However, our efforts are not confined to ODA contributions. We are also transferring our technology and sharing information and knowledge to assist economic growth of lower income countries.

These efforts of the Korean government are consistent with those of the international community represented in the Millennium Development Goals. No doubt, it is our common interest to successfully accomplish the Millennium Development Goals. To this end, self-sustainable economic growth and development of low income counties is highly required.

Here, I would like to remind you that "trade" can be more effective than "aid" in stimulating economic growth and development, as is suggested in the discussion of "Aid-for-Trade" in the international community. In line with this, I would like to highlight the importance of timely and successful conclusion of the Doha Round negotiations. Therefore, we should play more proactive and leading roles in the negotiation process of the Round for our common benefit.

Concluding remarks

To conclude, today's Forum is ever more timely, in light of the heated debate on the bright and dark sides of globalisation. I do hope the Forum will provide an important venue for raising awareness on globalisation and its challenges as well as for sharing our wisdom to better cope with the globalisation. The OECD Forum has been a focal point for intellectual leaders of many countries in seeking feasible alternatives.

Efforts by the OECD have no doubt paved the way for governments around the world to move forward with globalization in a positive direction. I am confident that this year's Forum will also prove to be another productive gathering living up to its esteemed reputation.

Personally, I am delighted to be able to hear more diverse and balanced views of colleagues and leaders from business, labor and academia.

I would like to conclude by expressing my view that the OECD Forum seeking and sharing best practices around the world is a de facto manifestation of the positive aspects of globalisation.

Thank you.