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EMU AND CHALLENGES FOR COMPETITIVENESS

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Universidad de Alcalá de Henares

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Prof. Dr. Santiago García Echevarría
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I. INTRODUCTION*

The introduction of the Euro is, without doubt, an unparalleled and historic event. But the Euro, because it coincides in time with the reality of the globalization of the economy, also acquires a different economic dimension. Taken together, these two events are influencing the development of competitiveness in a totally new way - a competitiveness which faces the challenge of a new institutionalisation of the economy. This challenge is posed by the new global economic institutions, by the corporate and organisational changes in each and every economic and social institution, and by all those other institutions that form the reference framework of the economy. We have reached a historic moment - the moment of an institutional change which represents a fundamental break with economic and social self-sufficiency, autarky, whether it be more or less pronounced.

The Euro brings with it a different economic significance because it is interdependent at the present moment with a globalization of the economy already, for the most part, achieved. Both events, the globalization of the economy and the development of the Euro, are processes which have been taking shape over the past decades but which, at the present time, have accelerated their growth.

* Lecture given in the Conference "*Europe: it is the future*" (London, November 26th-27th) organised by the Kangaroo Group in collaboration with the European Parliament and The European Commission

The globalization of the economy has produced an economic and financial reference framework which, without any doubt from an economic standpoint, strengthens the already accepted important development in the potential of the Euro - a development seen in both the growth of competition and the efficient utilisation of scarce resources. In other words, the Euro is necessary for the globalization of the European economy; for a globalized economy cannot be achieved if there continues to exist a different co-ordination between the European economic and monetary systems - systems which, although widely liberalised, would continue to be poorly co-ordinated.

Furthermore, the globalization of the economy also contributes to the development of the Euro. It dynamizes this process towards globalization, bringing with it a better utilisation of abilities and scarce resources with the aim of reducing unit costs, generating increased competitiveness and, by this means, creating work.

It can be said that the aims of globalization and the aims of the Euro are identical: to achieve a culture of stability in order to effect a change in the business culture and that of other institutions so that they become more efficient in the creation of work through competitiveness between companies and between the systems.

Employment is created by greater efficiency reflected in competitiveness. And this is a consequence of a cultural change in our

business institutions and in the business environment - a change which allows the use of all the available potential in each and every country, region, institution and company.

II. THE GLOBALIZATION OF THE EURO AS A BASIS FOR A CULTURE OF STABILITY

The historic coinciding at the present time of the globalization of the economy with the development of the Euro requires, as a *sine qua non*, financial and economic stability. The introduction of a culture of stability in Europe signifies a prevalence of the economic over the financial, of a capacity to manage institutions over a capacity to merely administer them. Competitiveness in a culture of stability is not based upon a culture of prices but rather on a culture of the utilisation of capabilities, of competencies; and for this, in consequence, a permanent change in the division of labour is essential.

Globalization is not merely an economic process. To quote Lübke, it involves an "evolution of our present civilisation". It is a process of change, from which there is no going back, in which the economy is acquiring at the present time a dynamizing force in the globalizing process. The Euro is accelerating and facilitating this process of globalizing the economy, not only in a European but also in a world-wide context.

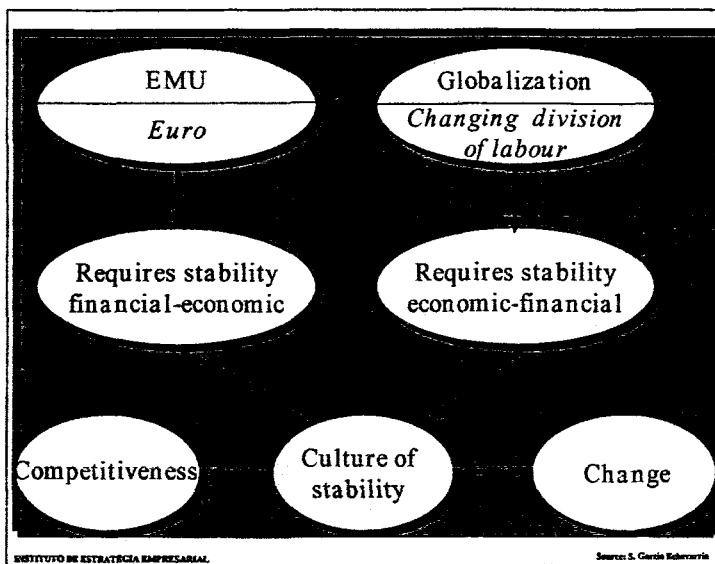


Figure 1: EMU and globalization: a culture of stability

For this reason, the present and future influence of the Euro on competitiveness cannot be correctly explained without placing it within the context of the globalization of the economy. Globalization means nothing other than “reducing distances in both space and time”. Globalization brings together places and people. It represents, therefore, the prime economic criterion: not to have scarce resources underused or poorly used due to their location, not to have an inadequate division of labour, not to have waiting times during which the resources available are unused. Globalization, therefore, demands the effective use of available resources as well as the utilisation and development of available capabilities.

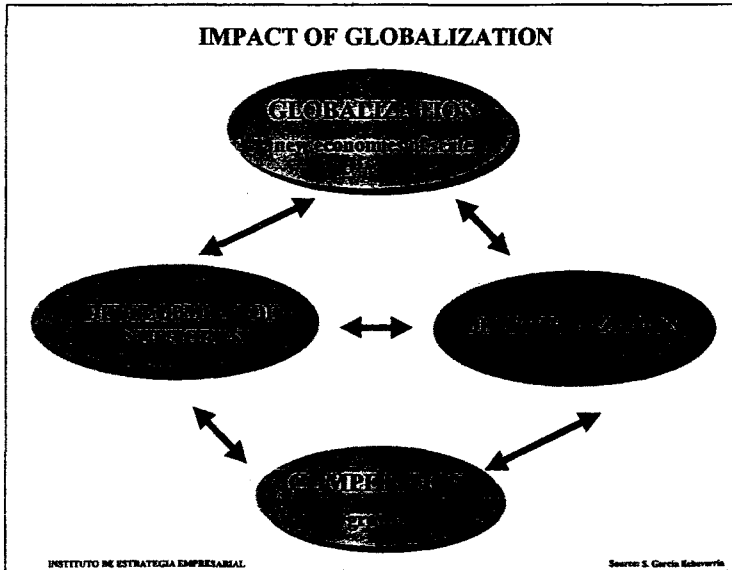


Figure 2: The impact of globalization

Globalization, in its economic aspect, seeks to achieve the economic principle of economies of scale. It does so through two complementary organisational forms: on the one hand, the development of networks, with the aim of being able to utilise available capacities efficiently; and on the other, the demand for decentralisation, which is effected through processes. Both these forms of organisation impose increasing demands for co-ordination of the economy and this, in consequence, results in a greater increase in competitiveness.

These new economies of scale are achieved through organisation in networks - a system which allows for the rapid adaptation of those

divisions of labour currently in force. The greater competitiveness resulting from greater efficiency in the utilisation of capacities represents, without any doubt, the most significant contribution of globalization towards a reduction in unit costs. And this, in consequence, leads to a situation of higher employment.

Globalization signifies a movement from a closed economy to an open one - that is, from an economy in which 50% of the Gross National Product is regulated by state, or quasi-state, institutions whose fundamental characteristic, in terms of managing institutions, is the efficient administration of available resources. The move to an open economy means competitiveness and the organisation of markets as instruments of co-ordination; and this requires greater business and managerial capabilities.

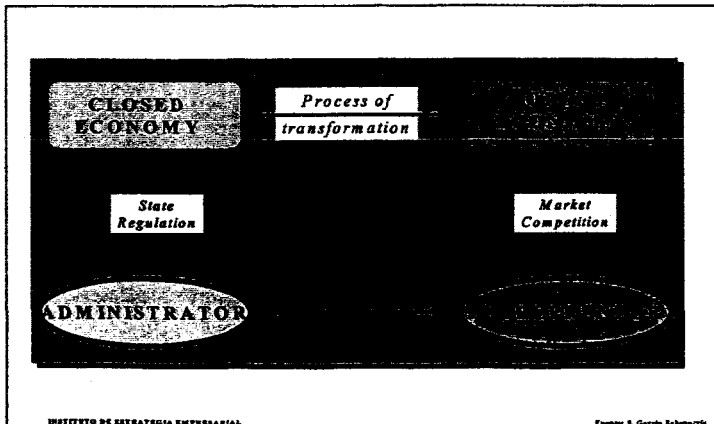


Figure 3: From a closed economy to an open economy

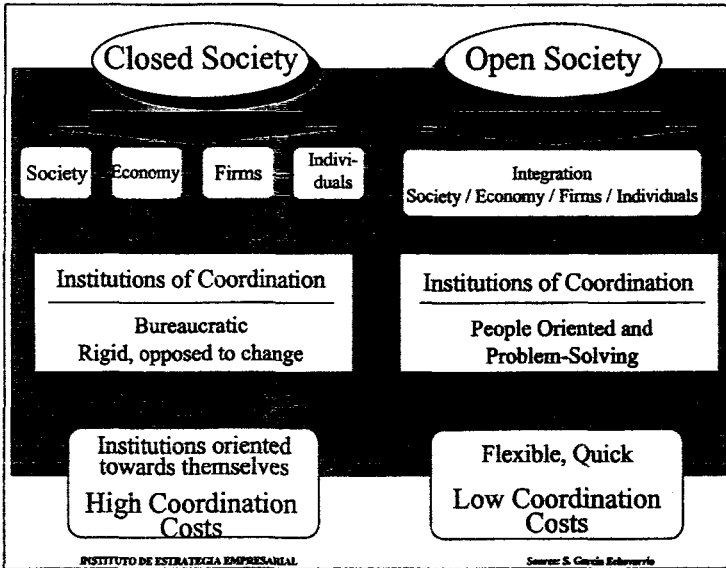


Figure 4: From a closed society to an open society

The movement from a closed to an open society - the period of transition we are experiencing at the present time - represents a radical change in the way of co-ordinating the economy. A closed economy has high co-ordination costs, for each of its institutions is directed towards itself and so erects protective barriers, making communication difficult both at a global level and at the level of the internal organisation of each institution. Such a situation encourages the rapid growth of bureaucracies and great resistance to change. An open society eliminates those barriers which place obstacles in the path of communication between different institutions. And it does so

in such a way that proximity in space and time (globalization) and a form of co-ordination directed towards people and problems allow for a drastic reduction in co-ordination costs through the flexibility and speed of institutional co-ordination and adaptation.

Globalization has a significant impact on all areas of society. It encourages the reduction of barriers, it requires a search for differentiation and it establishes a permanently open division of labour. By this means it seeks growing efficiency through creativity, and innovation through changing work patterns. Furthermore, from an organisational-institutional standpoint, globalization integrates and brings together society, the economy, businesses and educational systems and thereby facilitates the creation of new forms of institutional interface. These, in turn, facilitate the process of change. On the other hand, globalization brings with it a growing need for intercultural understanding. Such understanding integrates people and, at the same time, reduces the costs of co-ordination between companies and within the economy as a whole. One of the fundamental characteristics of globalization is its generation of new institutions at both a global and an operative level. These are coping increasingly with demands more important than those which have traditionally fallen within the area of management. For this reason it is the development of human resources that must have total priority during the current process of change.

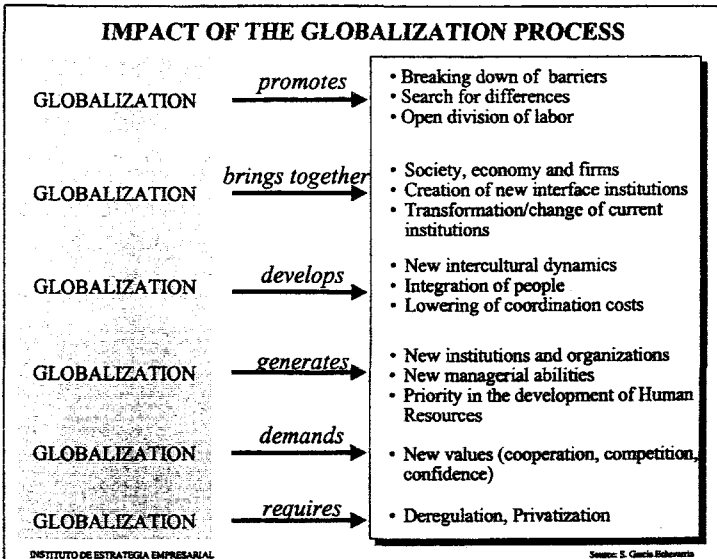


Figure 5: The impact of the globalization process

The most important characteristic of globalization is its imposition of new values. Among these are:

- Intensification of competition
- Organisation of the economy in networks
- Modification of those systems which form the economic-social framework
- Co-operation
- Development of trust/confidence capital
- Development of self-responsibility

Viewed from a cultural standpoint, all this represents a change from a culture of the thing to a culture of the person. This is a departure from the mistaken view of economic and social reality as being merely a framework of regulated contracts which unify behaviour and which automatically generate bureaucratic systems, the principal defenders of which are the institutions themselves. In this type of culture the processes of change are both impossible to implement and extremely costly. There must, therefore, be a break with the culture of the thing before necessary changes can take place.

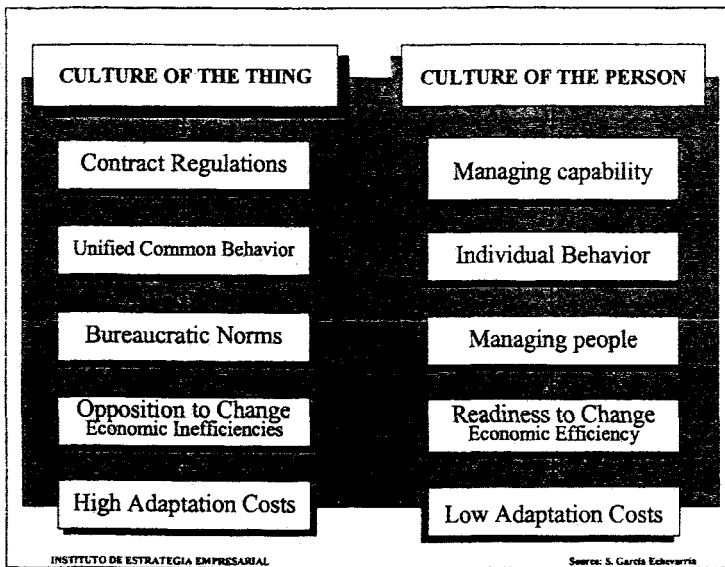


Figure 6: From a “culture of the thing” to a “culture of the person”

The move to a culture of the person demands new management capabilities - capabilities that require greater attention to individual behaviour and are directed towards people and the need to resolve those problems arising from lower co-ordination costs.

It can be said that the breaking down of the culture of the thing, typical of a contractual organisation, leads to a culture of management of abilities, to a culture of corporate identification, to a culture of management - that is, a culture of the capacity to integrate values into an institution which inspires confidence and which integrates people.

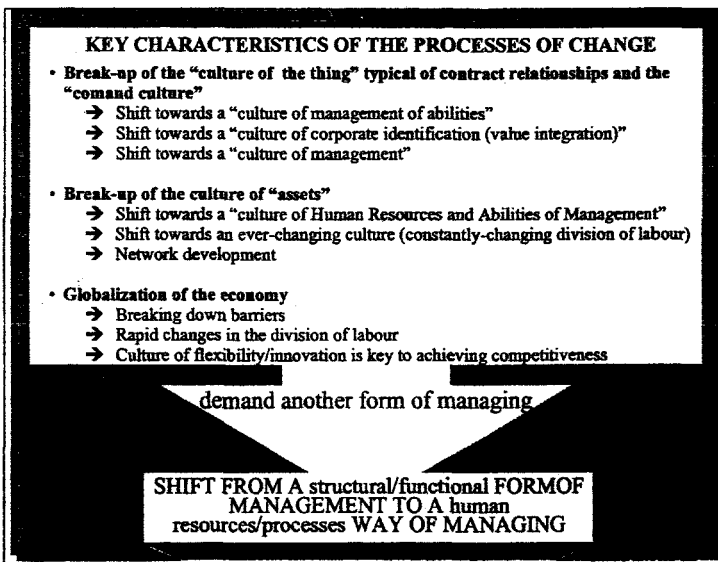


Figure 7: Key characteristics of the processes of change

Today, the key to the competitiveness of a company or institution no longer lies within the traditional culture of assets. It lies rather within the culture of available competencies and in the capacity of an institution or organisation to construct development networks for the purpose of making effective use of these competencies. On this depends the success or failure of a business project.

Such is the step from a functional organisation to an organisation oriented towards human resources and, in consequence, towards the involvement of people in the processes of change.

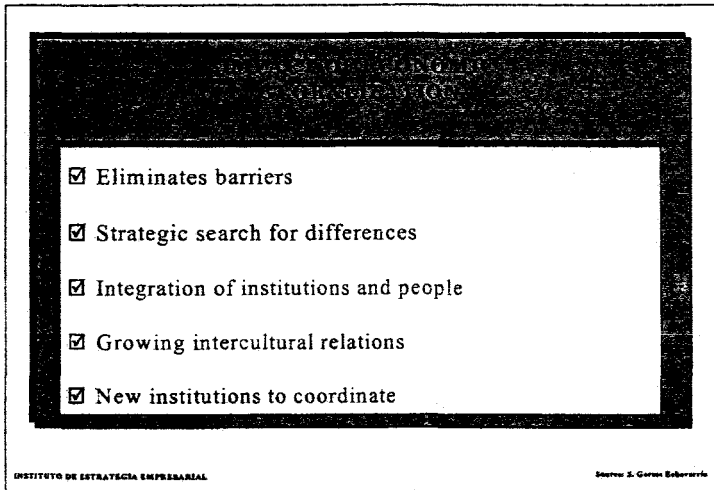


Figure 8: The impact of economic globalization

The impact of globalization on the economy may be basically summed up as the elimination of barriers between people and institutions and a specific orientation towards seeking out those differences that exist

between people and between institutions. Competitiveness does not depend primarily on price, but rather on the elimination of barriers. The effect of the latter and of the breaking down of the culture of prices is to make possible the integration of institutions and people, bringing with it a necessary growth in intercultural relations. The processes of differentiation are then enriched, co-ordination costs are reduced, and both people and time are brought closer together. All of this is accompanied by a new need for global institutions that will allow co-ordination through principles and values and, on the other hand, permit the carrying out of processes to be decentralised.

Viewed from a corporate standpoint, the basic values of globalization lie in the development of networks. From the competition standpoint, it is the strategies of differentiation that are the basic values.

For all of this, two key values are essential: the value of stability, the only framework within which continual changes in processes can be made with security; and the value of trust and confidence, which allows for a reduction in co-ordination costs.

The consequences of globalization are:

- Better use of available competencies brings an intensification of competitiveness.
- A modification of structures and systems - those which do not change will be marginalised.

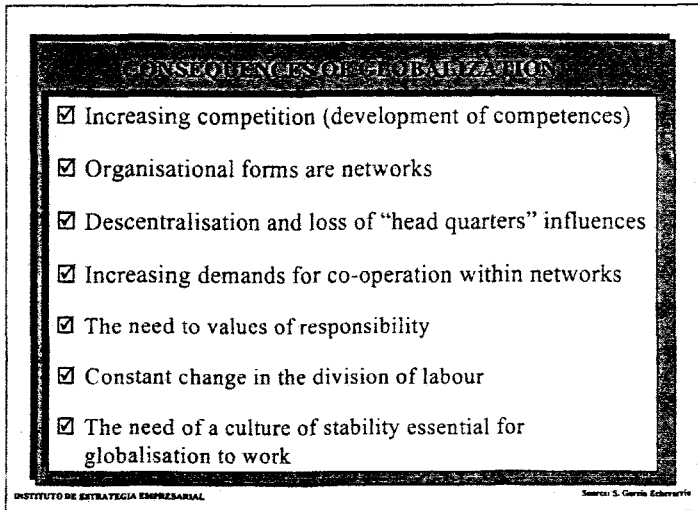


Figure 9: The consequences of globalization

- The organisational form is the network and the network will be increasingly dynamic. People and companies remaining outside this network will be marginalised.
- In networks economic and social autarky is eliminated, as are central headquarters as a result of increasing demands for decentralisation.

Three fundamental values take root as a consequence of globalization:

- Competition
- Co-operation
- Self-responsibility

Viewed in terms of the principles of competitiveness, globalization brings with it four basic criteria of an economic nature:

- From the standpoint of European economic and social order, globalization reinforces the objectives of the Monetary and Economic Union as follows:
 - ◆ Growing competitiveness which must be addressed with all the potential available.
 - ◆ The achievement of a permanent reduction in unit costs thanks to the creation of economies of scale by means of networks. Such networks will themselves be developed and utilised through co-operation.
- From the standpoint of institutional organisation, globalization requires decentralisation. Such decentralisation depends upon a capacity to integrate and to manage human resources, so increasing the productivity of the network and thus radically reducing organisational costs.
- Viewed from the point of view of co-ordination with their environment, companies and institutions must reduce co-ordination costs by involving customers in their own institutional processes.

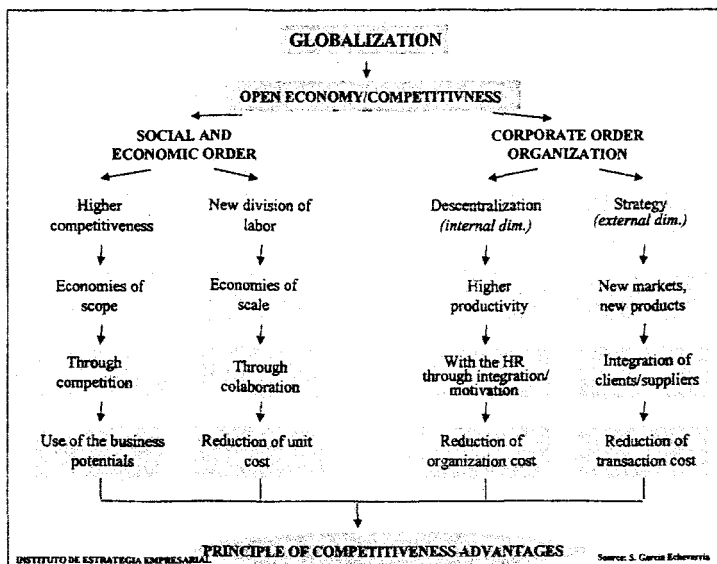


Figure 10: Globalization and economic criteria

Globalization, on the one hand, manifests itself in the division of labour, in the creation of networks, in driving forward the development and need for the Euro as an essential element for stability; and, on the other, it requires co-operation in order to be competitive. Both elements, the Euro and competitiveness, demand a change in corporate culture, a change to another type of management capacity.

The only position of strength from which it will really be possible to maintain competitiveness will be one which offers an answer to the

dynamic of change by being based upon the two key criteria of competitiveness: on one hand, a permanent reduction in unit costs by means of economies of scale through the aforementioned networks and, on the other, an institutional strategy based more on economy of scope than on economy of price.

Globalization of the economy demands a radical change in the way of thinking: it requires strategic thinking and forces this change on all corporations. They must have a global vision. Such a change will modify both the organisational forms and economic calculations in companies and in all other institutions. To quote an expression already well known in current debates: "Think globally and act locally".

Globalization and the Euro offer a great opportunity both for the process of cultural change and for the primacy of economic and ethical criteria.

III. THE IMPACT OF GLOBALIZATION ON BUSINESS

Globalization of the economy requires a corporate change in institutions. The demands made on a company when it adopts a corporate global vision and the need for decentralised local development require new management capabilities - in particular, the capability to manage people.

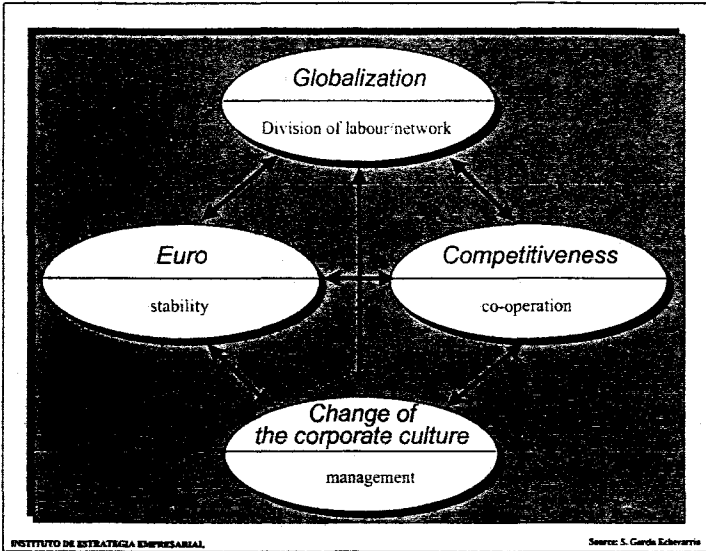


Figure 11: Globalization and the change of culture

In terms of its restoration of two keystones of economic and social activity, globalization is nothing less than a revolution of historic proportions. Firstly, there is the restoration of credibility to, and the permanent legitimisation of, each and every individual organisation, whether it be a company or a university or a hospital, etc. Secondly, and more significantly, there is the restoration of the value placed on the individual person. This is demonstrated by the ability to develop individuals, to involve them in the credibility and trust generated by a project in which individual potential can flourish freely in an efficient community. Such an opening up of both society and the economy

presents a great challenge to mankind. Every economic and social act, in whatever institution, is not merely a functional event in itself - it is always a human challenge and, as such, should be introduced into the culture of institutions - in particular, into business institutions.

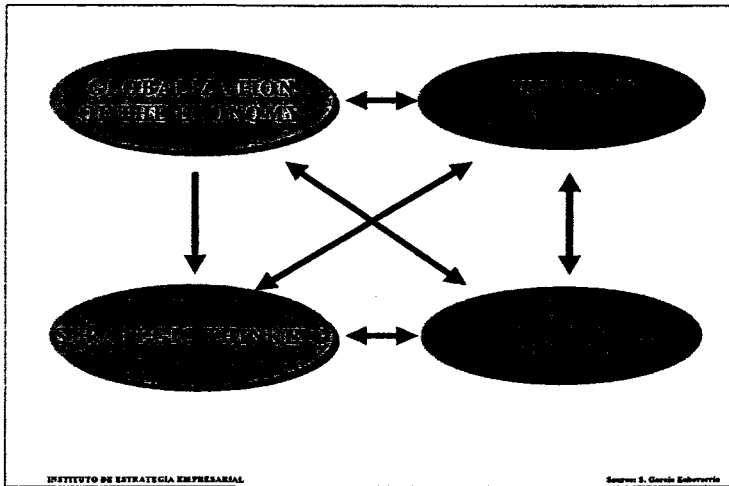


Figure 12: Globalization of the economy and corporate change

This new understanding of the economic activity resulting from globalization requires an organisational form significantly different from both global institutional thinking - that is, competitive positioning based on capabilities,

predominantly human ones - and that affecting areas of action in the form of decentralised processes which bring economic efficiency. Networks are fundamentally directed towards the utilisation of the capacities of those processes which are based on institutional trust and

co-operation. Such are the new economic and financial criteria that management must respect.

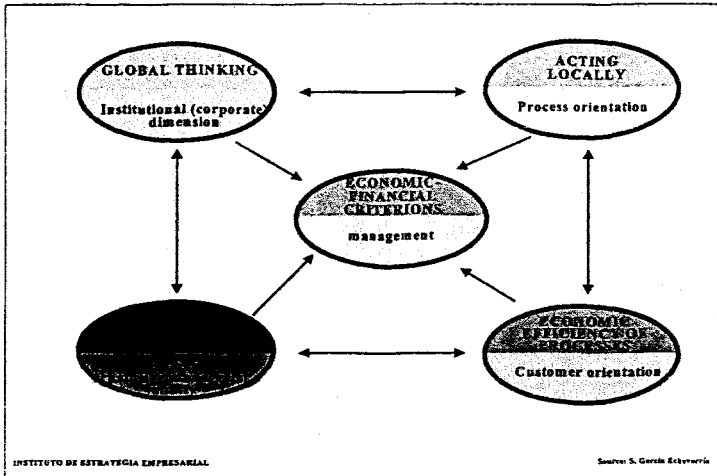


Figure 13: The economical-financial criteria of management

Globalization of the economy and the Euro as a globalizing process make two basic demands on economic and social activity: firstly, the need for a culture of stability in order to have available a dynamic of values which allows for continuous change in a climate of institutional and personal security; and secondly, the reduction of unit costs, not as a result of a culture of prices but rather resulting from the use and development of capabilities. For example, if there is a reduction in unit labour costs, it is not specifically the reduction in prices that will ensure the success of any business, but rather the capability of management to use all available potential and to continually develop it. The crucial element is not the price of things, but rather the

capability to manage the development and utilisation of available resources.

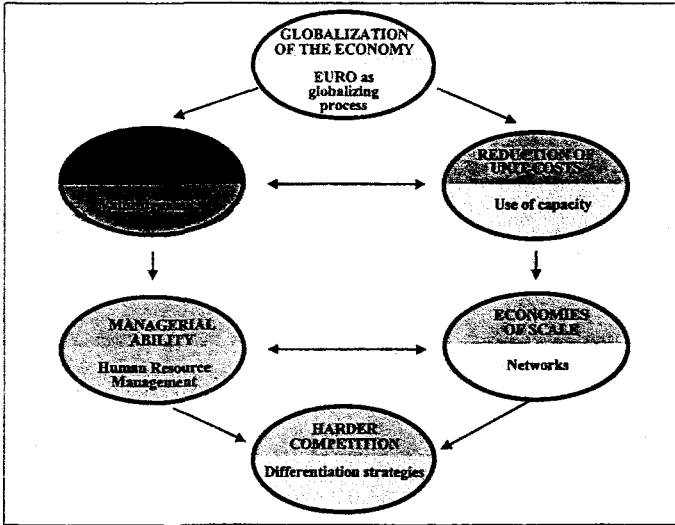


Figure 14: Globalization, the Euro and managerial ability

The dynamic of change within a culture of stability - a dynamic which involves continuous change - relies upon a highly developed managerial ability directed towards the efficient management of human resources. Twenty-five years ago in Europe we embarked upon a new way of understanding what was then called Personnel Policy. Today, in 1998, we are once again beginning a distinctively new way of understanding the capacity of human resources from the point of view of human resources management. It is necessary to totally rewrite the way in which people are managed and integrated, and how

abilities are encouraged to flourish. Competitiveness and co-operation, both within and outside institutions, are being established as the keys to success in the new economic and social order, thanks to globalization and to the impulse provided by the Euro.

An institution cannot achieve economies of scale by itself; these can only be achieved with "others" - that is, in a network. From this comes the need for a capacity to manage people and to be within efficient networks. And it is this which will determine the criteria of differentiation most important in order to achieve a competitive position.

The reduction of unit costs as a function of the effective management of available abilities and, in particular, the development of management which is today of key importance in Europe, both require a culture of stability in which the economic and the social become part of the reality of management and not of price. Privatisation and new regulation, which mark the breaking-up of a closed society, contribute to a change in business culture. Europe now has a great opportunity to develop efficient management of its human resources. And these resources are the main catalyst that will determine whether the competitive position of Europe in the world is a success or a failure.

From all points of view, the new regulation, together with the way in which the new European social and economic order is implemented and the privatisation of the economy, are the two fundamental pillars

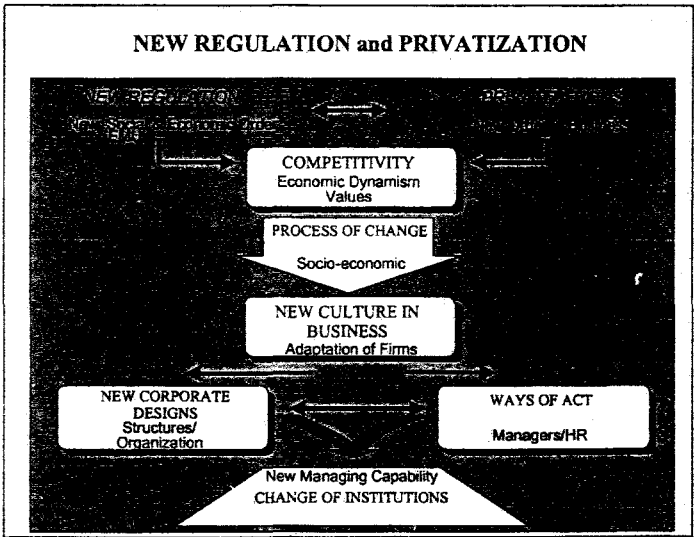


Figure 15: New regulation and privatization

for the development of a new dynamic of economic values. All these lead to a process of change. Without this new framework it would not be possible to create a new business culture leading to the adaptation of businesses, both in their corporate structure and, in particular, in the way in which human resources are managed. For the first time in Europe managerial and business capabilities are focused in terms of their success factor on the way in which human resources are managed. As a well-known Central European businessman has pointed out, human resources are not a “cost factor” but more specifically the “success factor”. This is the radical change in the new institutions - a change that is affecting both the structure of the labour market and other labour regulating institutions and also the planning

of human resources management in European companies. Such is the great challenge facing Europe - a challenge closely linked to the growth and diffusion of knowledge. It is not the “price” of human resources but rather the capacity to develop and manage such resources which is going to bring success, economic and social stability, and as a result the ability to create employment opportunities.

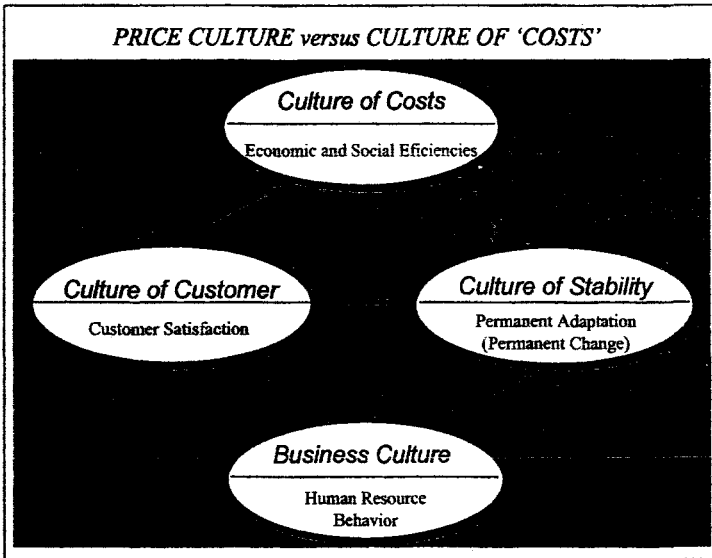


Figure 16: A culture of price versus a culture of costs

We are moving from a “price culture” to a “cost culture”, but cost not in the traditional sense of cost factors but rather a cost culture that meets economic and social demands for the efficient utilisation of scarce resources. And this economic principle of efficiency also

embraces the fundamental ethical principle. The scarce resources on our planet must be efficiently utilised in order to fulfil the second principal of ethics: the creation of employment - and that entails the development of people through their knowledge, something that can only be achieved with economic and social efficiency.

From this transition from a price culture to a cost culture we then move to a customer culture and to a culture of stability, this being understood as a process of continual change. When one speaks of a culture of stability one is referring to a culture that provides "security" in an insecure world to both people and institutions. Such security rests upon these institutions, on their ability to continually adapt to technological and economic change and on their ability to adapt their human capacities, so leading to another type of business culture and to another type of human behaviour in business.

IV. COMPETITIVENESS AS A EUROPEAN CHALLENGE

The growth of competitiveness in an open society is not, therefore, primarily a competitiveness of prices. European competitiveness is based on the competitiveness of its businesses and institutions, for it is cultural elements which shape the competitive behaviour of people and institutions. To be competitive requires the adoption of a set of values which will encourage the growth of competences within a

determined corporate culture. The change from a price culture as the defining factor of human behaviour to a culture rooted in the development of personal and institutional competences through co-operation requires a concept of competitiveness far removed from that of traditional economic thinking.

Such a culture of competitiveness necessarily requires a culture of stability which will generate security in institutions and people and so permit them to innovate and create with the aim of ensuring an efficient utilisation of resources.

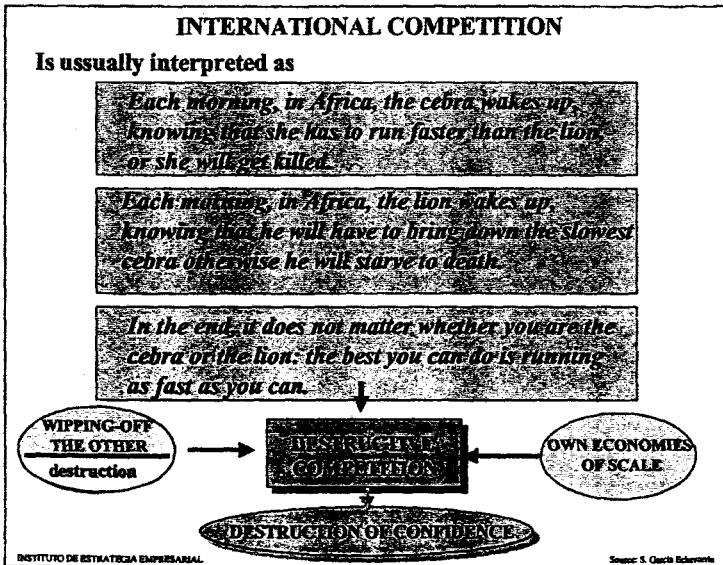


Figure 17: International competition

It is my belief that competitiveness has to be the only appropriate response to the great insecurity which dominates our present civilisation. Security can only be achieved within the wide framework of a community when the institution in which a person maintains a certain position and demonstrates his competences can offer guarantees of its competitiveness - that is, it possesses sufficient variety of competences to assure its position within the networks. And to leave the network means to be marginalised. For this reason, a new kind of social policy is essential to deal with any departure from the network. The dominant social policy at the moment is not adequate for a context of transformation such as the European one in which approximately 63% of the people will have to change their affiliation from one company to another as a consequence of changes in the division of labour and the associated movement of human resources.

What is steadily losing its influence is the concept of international competitiveness as being, in classic terms, a destructive competitiveness in which survival is the dominating factor regulating the behaviour of individuals and institutions. Such a type of destructive competitiveness destroys trust. It also, from an economic standpoint, involves high costs for productivity and results only come from its own economies of scale. It has no access to the productivity of "others". It operates solely on the basis of the price of things and, furthermore, loses that point of reference afforded by making comparisons with others. It is, therefore, left without the capacity to assess the rationality of its own economic and social processes.

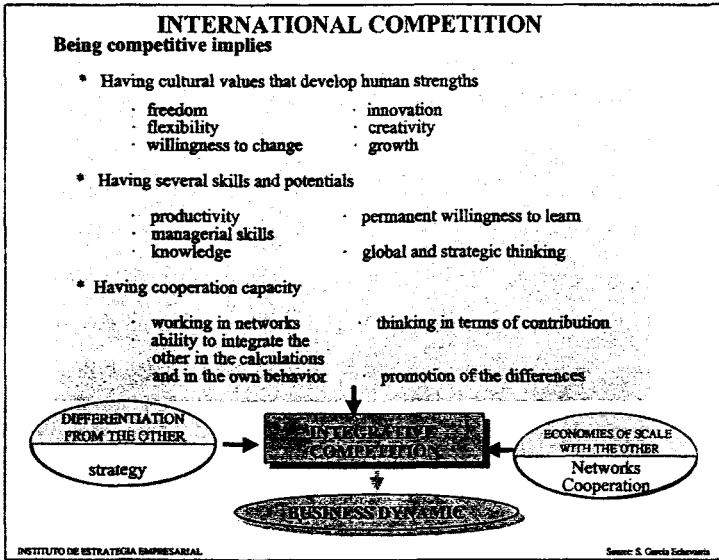


Figure 18: A new concept of competitiveness

Competitiveness in an open society and in a globalized economy must be understood as an integrative competitiveness, one that encourages a dynamic of change in business activities and one that results in both co-operation with “others” and also in the contribution of the different competences in each institution.

To be competitive requires the presence of a value system which allows for the development of human potential - for values such as freedom and flexibility, innovation and creativity. It also requires the presence of abilities and skills that ensure an efficient response in the management of resources and systems. In particular, it is the act of co-

operation with “others” that will lead to the achievement of economies of scale. Only with this kind of concept of competitiveness will globalization lead to efficient utilisation of resources and so permit the creation of employment as a result of greater economic and social efficiency.

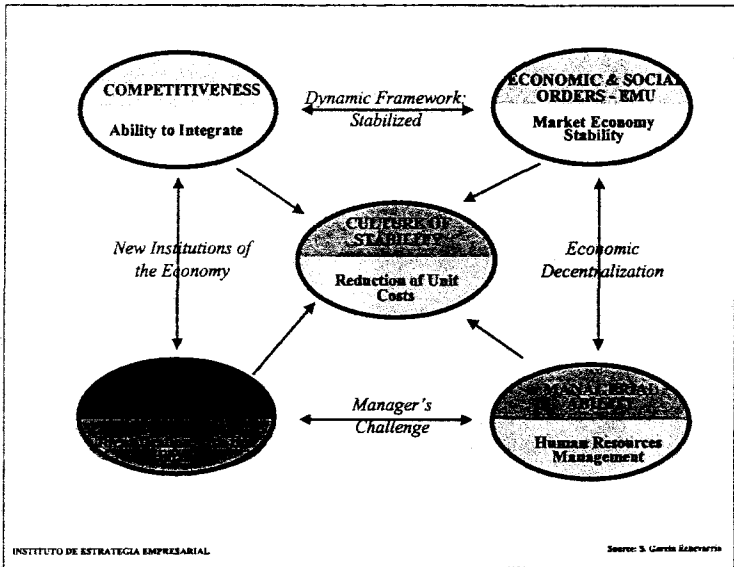


Figure 19: Competence in the European economic and social order

It is generally understood that competition means competition between companies. In Europe the Gross National Product of what may be called the private sector is, in most cases, around 50% of the total - although much of this private activity still exists within a regulated framework, be it global or commercial. The competitiveness that comes with globalization affects not only the world of business.

Other systems must also enter this area of competitiveness - for example, the educational and social systems, the structure of the labour market, the fiscal system; in other words, everything that constitutes the competitive business setting. If, for example, in the educational system competition is introduced in order to find the most effective ways of training managers, then effective networks that make the best use of training capabilities will be generated, intercultural training will be encouraged and research and teaching will have to provide appropriate knowledge that meets the demands of the real world. The same will apply to any of the other areas that make up the framework determining competitiveness between companies. Countries and regions unprepared to change their systems and overall framework will find themselves excluded and with serious adaptation problems.

There is no doubt that competitiveness constitutes a prime cultural value. It has great economic repercussions and demands, among others, the values of freedom, creativity and innovation together with flexibility and dynamism. When one talks of flexibility, it continues to be in terms of contractual flexibility. We have not yet begun to consider flexibility in terms of the development of human resources as a fundamental basis for assuring positions of work and, in the short term, developing people's abilities. If we do not succeed in changing this culture in companies, institutions and in Europe as a whole, then we shall never become competitive. There is absolutely not the slightest doubt that steps already taken in relation to European

economic and social order, together with the effect of the Euro as a necessary and unstoppable driving force, will significantly push forward this change of values. The problem is how such a change will be realised within companies and at what cost and under which circumstances. The social cost of the process of transition will be low if the business world, if its managerial capability, succeeds in putting into motion learning mechanisms that will lead to intelligent organisations. At the same time it must learn to manage people by involving them in business projects through dialogue.

To be competitive means, on the hand, to be within the framework of a culture that is involved with economic and social order - a culture which the European Treaties for both Economic Union and Monetary Union are at this moment actively promoting. On the other hand, to be competitive also requires a change in corporate culture. These are the values that ensure that individuals change their behaviour in order to develop their competences; and they do so in order to ensure both their own personal development and also the development of institutions.

Such competitiveness cannot be achieved unless it is based on a culture of stability which is continuously involved with the reduction of unit costs. Today, European competitiveness has at its disposal a powerful economic and social order. Such an order requires a new institutionalisation of the economy and a new business culture which, through the legitimisation of the company and through this economic

and social order, offers security and so encourages the development of management capability. We are entering a society in which management capability within the context already indicated of a culture of stability is a scarce resource. For this reason it is the educational system that holds the key to European competitiveness.

The four keys to competitiveness lie within the need for efficient utilisation of scarce resources achieved through a change in the way of thinking about and understanding the role of human resources in business. Productivity depends upon working with people and not against them:

- It is essential to introduce a type of culture that will generate creative and innovative processes and, by so doing, allow for the continuous discovery and identification of basic competences - that is, a development of knowledge.
- Continuous growth through decentralisation must be achieved, but in such a way that globalization of processes does not lead to the loss of corporate identity.
- It is necessary to effect a cultural change in order to establish a new mentality in which priority is given to the assumption of responsibility and to the taking of risks in order to ensure this same process of change.

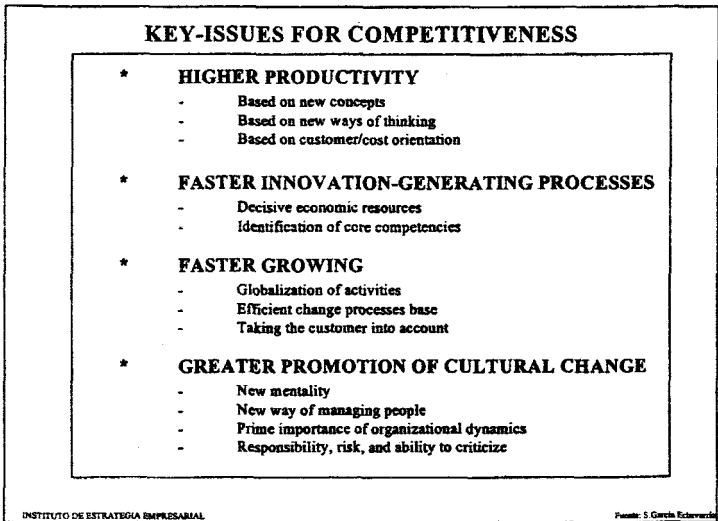


Figure 20: The keys to competitiveness

- It can be said that the success of a business depends upon the availability of human resources and on the readiness of these resources to adapt to new situations. This, in turn, depends upon a management capability which generates credibility for the institution and, through such legitimisation, permits the integration and development of human potential.

V. THE EURO, STABILITY AND COMPETITIVENESS IN BUSINESS DEVELOPMENT

In the debate on the advantages offered by Monetary Union there is constant reference to its direct impact on the costs of transaction and on its contribution towards the elimination of important uncertainties coming from the financial world - uncertainties which have always involved great economic and business risks. A further step is brought by the Euro, which offers one of the most important dimensions for competitiveness within the European context.

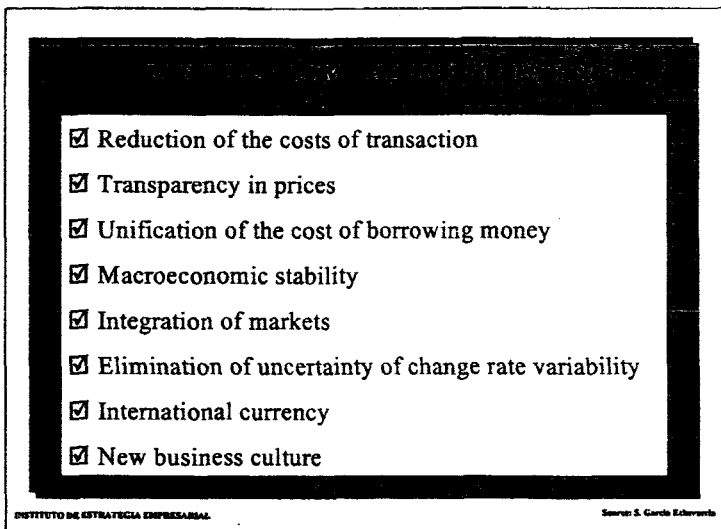


Figure 21: The benefits of Monetary Union

One of the most significant contributions of the Euro is, without doubt, in its indirect influence. The growth of a new "monetary hope" during recent months in many European countries is a sign of the new way of understanding financial and economic processes. The surprising break in many European countries with the traditional culture of inflation and the move to a culture of stability, with widespread and unprecedented acceptance, would have been impossible only a few years ago. EMU and its instrumentation in the Euro represent today a radical change in the way of understanding monetary value and stability as being significant components of economic and social order. In all likelihood, it would have been difficult to predict the speed with which such a change of culture has occurred in most countries in Europe over the past two years.

Such a new economic and social order based upon the aim of competing brings with it two key requirements: the generation of a stability that is social as well as financial and economic; and a realisation of the way in which change at both the global and business level must be carried out - that is, a way which produces a new economic mentality directed, under the title "culture of costs", towards the utilisation of capacities and not price. What must be achieved is a new business culture which facilitates co-ordination in the economic and social context in such a way that greater well-being is generated in both the European and World Community as a result of another way of thinking, another way of acting and another way of organising economic activity.

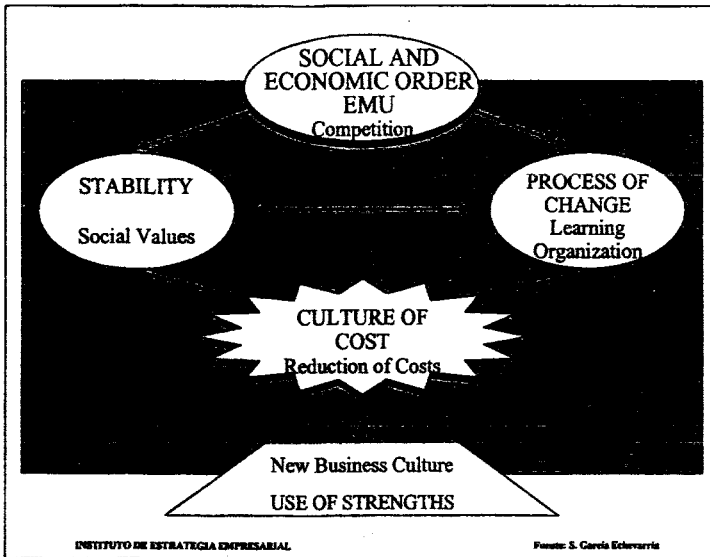


Figure 22: The new business culture

We find ourselves immersed in a process of transformation in Europe whose aim is to reduce unit costs in a manner that will contribute towards the well-being of the community, will be competitive and will create employment. Such a process of transformation is a process of cultural change in which insecurity is combated by identification with the corporation and it is only by legitimisation through competitiveness that this can be achieved. And for this are needed globalization and the Euro, elements of change which encourage a culture of stability and also demand from the behaviour of people an acceptance of continuous change.

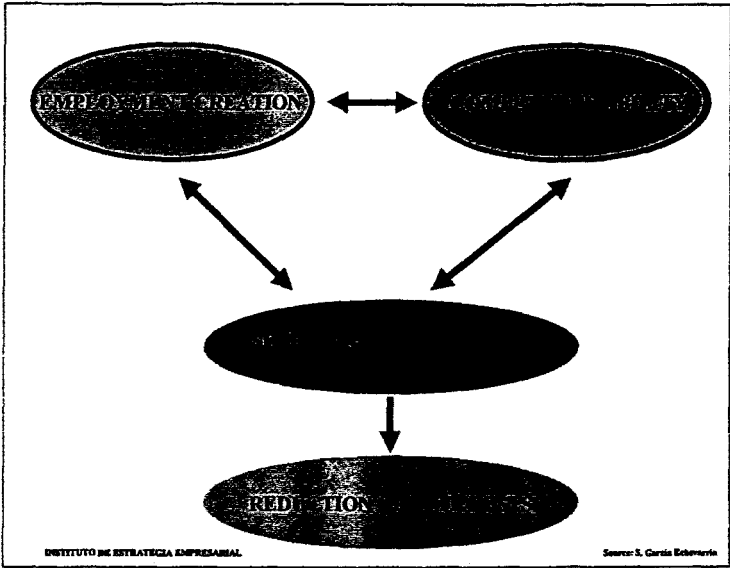


Figure 23: Employment and competitiveness

The creation of employment is closely linked to knowledge and to competitive capacity - that is, to the competences available and to the ability to manage these competences with the aim of reducing unit costs through the utilisation of capacities. Europe must create employment opportunities and it can do so, but only through a management of the wide range of capacities available and never through a culture of “price”.

Economic strategy in a global setting must be directed towards a strategy of networks - networks in all business areas, within the framework of individual businesses and in all European institutions. Only in this way is it possible to take advantage of the productivity that results from such economies of scale. Networks enable processes of change to take place without great rigidity and without trauma; and a network must necessarily offer differences as components of these same economies of scale. It is this which creates loyal customers and it is this which will legitimise every one of the institutions that figure in our political, economic and social life.

In summing up we may emphasise that globalization searches for new economies of scale and requires a stability which in Europe is provided by the Euro. Increasing competitiveness obliges every business institution to be competitive through the utilisation of existing capacities. In the years to come human resources and management capacity will be fundamental in reducing unit costs and dynamizing changes. New employment opportunities will be created as a result of new products and the opening up of new markets.

VI. CONCLUSIONS

1. The introduction of the Euro into an already globalized context will increase its value for competitiveness as a consequence of a culture of financial-economic stability.
2. Globalization of the economy can only operate within the framework of a culture of stability - for this reason the Euro will strengthen the position of the European Union in the world-wide context.
3. The restoration of “monetary hope” to many countries has enabled a surprising move from a “culture of prices” to a “culture of stability”, bringing with it the establishment of a new economic mentality.
4. Globalization of the economy and the development of the Euro bring with them an institutional change affecting both the economic-social and business frameworks. All institutions will have to change their management and organisational structures. In all of them what is needed is a corporate-global structure legitimising the institution and an operative structure based on processes which allow for the establishment of networks.

5. Together, globalization and the Euro will drive forward a series of key values: intensification of competition, changes in systems and structures, co-operation and self-responsibility.

6. The success of the Euro is dependent upon its contribution to increasing efficiency in the globalization of the economy and in European society. If the European potential is not globalized - that is, if available capacities are not developed - unit costs will not be reduced and, consequently, competitiveness will not be increased.

7. Competitiveness depends not on the "price" of things but rather on the management capacity in all economic and social institutions to develop available potential. In consequence, what must be achieved is a cultural change which enables people to put their trust in their institutions and in their capacities.

8. Competitiveness requires that there exist at the same time both competition of "scope" and also co-operation with the "other" in the application of economies of "scale". This, therefore, demands a rethinking of many of the approaches taken in the sphere of competence - a rethinking that leads to a competence both economically and socially efficient.

9. Competitiveness cannot be limited only to competitiveness between companies. Competitiveness in Europe can only be achieved if it also enters into those other systems that help define the framework

of business - that is, the educational and fiscal systems, the job market, etc.

10. In order to exist, both globalization and the Euro require a culture of political, economic, social and financial stability. With this one moves from a culture of price, speculative in nature, to an economic culture in which the management and development of people results in efficient utilisation of scarce resources.
11. Changes in the management of institutions, changes in their organisation and the development of intelligent organisations, all require another way of managing people and another type of institutional corporate development. The globalization of the economy also requires such changes and it is this, perhaps, that presents the greatest challenge in the process of change from a closed to an open economy.
12. Europe, at this time, is presented with great opportunities if, with the Euro lending strength to the development of globalization, business cultures are transformed and employment increased.

Europe is capable of generating highly efficient employment if it opens itself to new types of institutions that avail themselves of available competences - in particular, knowledge. But for this to happen it is necessary to remove those significant barriers that still exist both within the framework of the systems that make up the

business environment and within individual companies and institutions.

