

Editorial



Dr. Kurt Hornschild,
head of the department
"Industry and Technology", states:

"Competitiveness – monocausal
diagnoses lead to incorrect therapy"

Generally speaking, the economic prospects for a highly developed economy are considered to be particularly favourable if a large proportion of its output consists of high-tech products and it achieves an export surplus in these product areas. A standard business economics classification considers products in which R&D accounts for more than 8.5% of turnover to be a leading-edge technology, while those with an R&D share of between 3.5 and 8.5% are high-tech products. It is well known that Germany's strength lies less in leading-edge technologies than in medium to high-tech products. In spite of both the diagnosis frequently derived from this – that Germany is technologically weak – and its comparatively high wage level, Germany remains very successful on world markets. This is particularly true of chemical products, engineering, automobiles, electrical engineering and even of the steel industry, which has been written off for years now.

This clearly shows that monocausal explanatory approaches are of no use to economic and technology policy. Rather, competitiveness must be conceived as a systemic and future-oriented phenomenon. At the most basic level, competitive position is to be seen as particularly secure if the goods and services produced are sold on markets exhibiting above-average growth rates, and if the know-how necessary for such production can only be imitated within such markets at very considerable cost in terms of time and resources. An example, albeit an extreme one, of how success can be achieved with simple products is the McDonalds fast-food chain. The right kind of marketing and good production and sales logistics are often just as important for market success as technological skills. The secret of Germany's success lies in the combination of high-value products and sophisticated production processes. Many of the process technologies used in Germany are difficult to imitate because they are based on years of experience, require highly skilled labour and technically sophisticated capital goods, all of which are embedded in an efficient industrial network.

It can be concluded from this that an industrial policy whose prime aim is to promote the development of leading-edge technological products does not constitute a rounded policy approach for highly developed economies. In view of the intensification of the international division of labour, it is increasingly important that technology-intensive goods produced in other countries be intelligently utilised within domestic production. What is therefore required is an increase in the level of investment in human capital, infrastructure and research in order to improve a country's attractiveness as a location for intelligent forms of production. The task of firms is then to exploit these systemic advantages and so to maintain and improve their competitive position by means of product and process innovations.