

Editorial



Dr. Kurt Hornschild,
head of the department
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"No room for show-case projects"

There is no doubt that the technological capacity of enterprises and national economies contributes significantly to their efficiency and competitive strength. Comparisons with other large regions such as the USA or south-east Asia regularly reveal that, while Europe is the home of vast basic know-how and enjoys a competitive edge in the middle-tech area, it is lagging behind in high technology, for example, aerospace, information and communications, and biotechnology. Although efforts are being made to close the gap by means of promotion schemes and subsidies, these endeavours do not always meet with success. What are the underlying reasons?

It is often forgotten that, while it is a necessary condition, technological know-how alone is by no means a guarantee for economic success. In the case of large-scale technologies, in particular, regulative framework conditions and national self-interest still prevent full advantage being taken of the benefits of the common market. For example, in telecommunications as well as rail and air transport, deregulation is only gradually beginning to create framework conditions that allow the emergence of competitive supplier structures. The construction of the large-capacity aircraft, Airbus, and space travel are repeatedly cited as examples of successful European cooperation. It is certainly true, that without the Airbus industry and the ESA, Europe would no longer have any aerospace industry worth mentioning. Nonetheless, we should not forget that up to now these success stories have been political and technological achievements, accompanied by high subsidies but not by economic success. At the moment, the contrary appears to be more the case: the Airbus industry is losing market shares, and fresh public funding is being demanded for the development of another large-capacity aircraft.

Economic viability will not be achieved until structures geared towards commercial criteria have been implemented. The "Airbus Industrie" for instance is still far removed from such conditions. It is incredible that an enterprise as large as the Airbus industry is governed in accordance with a concept that gives priority not to the efficiency of the company as a whole, but to the interests of the partner companies. Pro rata models, whereby the participation of the partner companies in the production process is proportional to their equity share, operate according to the beggar-my-neighbour principle and are only secondarily geared towards the success of the joint product. That is why not a soul in the world today can divulge the actual production costs of the Airbus. If appropriate reforms are not implemented soon and a systems supplier to "Airbus Industrie" established, with responsibility for development, purchasing, production, sales and maintenance, Europe will continue to fly at a lower altitude despite its considerable technological potential.

There is neither room nor money enough for show-case projects today. As long as Europe is incapable of creating conditions that allow competitive structures – the Airbus industry is only one example – and under which the benefits of the common market can be reaped, there will be no economic success, even with costly technology programmes.