Chapter 1
A World without Borders

Globalization. Almost no other term divides the world today so intensely. Staunch supporters of this development speak of a new era of growth and prosperity. One of the advocates of globalization is Bill Gates, chairman of Microsoft, Inc. He believes that »This is a very exciting time in the world of information. It's not just that the personal computer has come along as a great tool. The whole pace of business is moving faster. Globalization is forcing companies to do things in new ways.« In the Western world, people have to put an end to resisting the laws of globalization and stop pretending as though these laws do not apply to them. Kofi Annan, Secretary General of the United Nations has remarked: »It has been said that arguing against globalization is like arguing against the laws of gravity.« It is therefore clear that the effects of globalization are inevitable and that we must change now or be left out.

Vehement critics warn of an undue advantage of multinational concerns, which could have disastrous effects on the situation in the Third World countries, employment in the industrial nations, and further development of democracy. Prof. Dr. Hab A. Bien, professor of Finance at the University of Warsaw, Poland, defines globalization and its consequences with the following words: »Globalization is making the world visibly smaller; that which is distant is getting easier to reach. At the same time, the world is expanding because we are still not able to look over far-off horizons.« A seemingly simple yet appropriate explanation, which is, moreover, marked by optimism.

In the past, there have always been equally controversial discussions about fundamental political, economic, and social changes. The debate in the 1950s about the pros and cons of atomic energy is just one example. The following two decades were marked by debates about the positive and negative effects of industrial society.

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The »risk society« was the focus of the 1980s. Finally, a decade later, the term globalization emerged – with widely varying interpretations about the possible repercussions. Such manner of interpretations is inevitable for a new trend. In an interview for Asia Society Online, world-famous economist and Nobel Laurette, Amartya Sen, said, »Economic globalization itself could be a source of major advancement of living conditions, and it often is. The main difficulty is that the circumstances in which it produces the maximum benefits for poorer people do not exist now. This is not however an argument for being against global economic contact but rather an argument for working towards a better division of benefits from global economic contact.«

Globalization does not stand for a completely new development. The quest to cross boundaries, to learn new things and to profit from them runs like a common thread throughout history. Initially, the focus was on tapping new sources of raw material in distant lands. Later, traders set out to procure high-quality goods abroad, which when sold in the home country realized hefty profits. In the recent past (i. e. in the era of globalization), countries aim their transnational activities mainly to develop new markets for their own products and services. Increasingly, however, the focus has been on procuring individual parts or complete systems in countries that have attractive labor costs and moreover, that offer good quality.

In the past, the term globalization not only describe initiatives and developments that would lead to a sustainable boost in the turnover and profits of business enterprises, but also would open new horizons and provide new insights to the people. It also stood for the calamitous quest of many politicians to expand their sphere of control in other countries. The world wars of the 20th century are perfect examples of that.

Politics charts the path

The current trend of globalization was recognizable in Western Europe and the US for the first time after the end of the Second World War. Development aid emerged, colonies were granted independence, multinational companies were established and the consumer-oriented society led to ever-increasing demands by the consumers. Gradually the governments decided to work together and cooperate on activities that were hitherto carried out alone. In this way, in 1951 the European Coal and Steel Community (ECSC) was founded with the member states Belgium, Germany, Luxembourg, France, Italy, and the Netherlands. This gave the authority to make decisions about the coal and steel industry in these countries to a supranational body – the »High Authority.« The founding of the Council of Europe in 1949 led to the emergence of a community of European countries with the task of promoting economic and social progress in the member states. In 1957, six countries founded the European Economic Commission (EEC) – the forerunner to the European Union (EU) that was founded in 1992. Today, the tasks of the EU go much beyond trade and the economy. In »Europe with virtually no borders«, the tasks have spilled over to ensuring civil rights, environmental protection and regional development.

The opening-up of individual countries has been gradual and restricted to the Western world. Almost everyone can recall how, until just a few years ago, the Warsaw Pact countries under the leadership of the Soviet Union (USSR) were reckoned to be the greatest threat to the Western nations. Similarly many people saw the developments in communist China with much suspicion. Both regions strictly isolated themselves and their citizens from the West. Their political activities and strategies were considered to be largely uncertain.

Everything, though, has changed in the last few years. The USSR collapsed in 1991, as the member states of the Warsaw Pact declared their independence and opened their borders to the Western world. Today, it is a matter of course that, for example, the American and the Russian President meet each other in a completely friendly setting. This has been possible only because both sides wish to profit from cross-border cooperation. Since 2004, Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, the Czech Republic, and Hungary are a part of the European Union (EU). Many other countries of the former »Eastern Bloc« are interested in joining the EU as soon as possible. The borders within Europe are being blurred out at a rapid pace, thus helping the development of a broad foundation that ensures peace across countries and creates prosperity amongst the member states.

The state visit of the former US President Richard Nixon to China in 1972 led to the first opening-up of the country and its population, which now stands at almost 1.3 billion people. Ever since, the People's Republic has rapidly developed into a country that not only seeks international contacts, but also receives offers from almost all governments and large companies. Here, too, the walls have long since crumbled. The age of isolation is long gone. Global cooperation is the order of the day. Clearly a development that, no one would have dared to predict some years ago.

India, too, has made an about-turn in the recent past – from a state-controlled, regimented economy, influenced by socialism to a social market economy. Since this new orientation and the opening of the economy to foreign companies, the nation's economic growth rate has been steadily surging upwards. According to forecasts made by the renowned investment bank Goldman Sachs, the Indian economy will be the third largest in the world by 2050. This development will not be driven just by the rising production within the country but also because India is slowly remerging the most attractive market for domestic and foreign products.

This is how even countries that were looked upon with distrust in the past are erasing their borders. Globalization paves the way for long-term peace and a cooperative partnership beyond national borders.

Dynamic development processes in the economy

Globalization of the economy has been decisively influenced by politics. On July 22, 1944, while the Second World War was still in progress, a stable monetary system was decided upon at the legendary conference in Bretton Woods in America. With this step, international trade that used fixed exchange rates determined by the US dollar (the key currency), would have been free from trade barriers. However, the system failed. Nevertheless, the World Bank and International Monetary Fund (which were also founded in 1944) continued to function. The General Agreement on Tariffs and Trade (GATT) emerged three years later. After several rounds of negotiations, tariffs and other trade restraints were gradually abolished. At the end of the last GATT round on April 15, 1994, the World Trade Organization (WTO) was founded. Today, some 150 countries, which generate over 90 % of the volume of world trade, are affiliated to the WTO and are committed to observing the basic rules of WTO in their foreign trade relations. One of these rules is the commitment to deal with foreign products, services and their suppliers, just as one would deal with the domestic ones.

Free trade, however, also poses great challenges to the domestic industry. European textile manufacturers, for example, have to come to terms with the fact that with effect from January 1, 2005, import quotas (which so far have been in existence) have now been struck off without any substitution. With this elimination of import quotas, the sector is living through the worst upheaval in its history. China is the country benefiting from this new regulation. Today, around 25 % of the global garment imports come from China. Many observers believe that China shall quickly develop into the »tailor of the world«. The World Bank also endorses this prediction. It anticipates that Chinese textile exports to Europe shall double within a very short time. The bankers will be justified in their estimate, since large chains particularly are increasingly stocking their shelves with affordable goods from China or they are manufacturing their products in China. All for a good reason: The hourly wages for seamstresses in China are clearly under 1 US dollar, and the quality is comparable to that of the West.

The Chinese, though, are not willing to simply settle for supplying affordable goods to their foreign customers. Large business enterprises in the country are literally going on a global shopping spree, looking to buy into well-known Western concerns. Early in 2005, Shanghai Automotive planned a 1.4 billion euros entry into the British MG Rover Group, but aborted the negotiations in April 2005 following the negative due diligence report. In 2004, the computer manufacturer Lenovo took over the PC division of IBM for an equally high sum. The appetite of the Chinese to buy existing companies abroad is steadily increasing: China spent 340 million US dollars in acquiring international companies in the year 2000 alone. Straszheim Global Advisors (who specialize in China) forecast that if this trend continues then in 2005 China will be spending approximately 14 billion US dollars taking over European companies.

Investors from the Far East are not interested in buying only large, renowned companies. Increasingly, medium-sized businesses also feature on the list. The goal of these actions is extremely ambitious: the Chinese wish to make their companies into global brands as quickly as possible. By buying well-known brands, they are achieving a global presence in the shortest time and gaining the technological know-how that their own companies still frequently lack.

A whole lot of other countries that were of little economic significance are also experiencing dynamic development processes. Noteworthy among these (besides those in Eastern Europe), are the industrial countries of East Asia like Singapore, Hong Kong, Taiwan and South Korea. These so-called Tiger states experienced an extraordinary boom in the last 30 years. Earlier, Singapore belonged to the poorer countries where almost exclusively cheap goods that did not have to meet any high quality standards were manufactured. Today it ranks among the most important financial services centers of the world and is one of the metropolitan centers of international knowledge transfer. In the meantime, Malaysia, Thailand, the Philippines and Indonesia have also developed into industrial climbers and also belong to the group of Tiger states.

Essentially, by focusing on core competencies, certain countries have succeeded in becoming booming regions. India and increasingly South Africa, for example, specialize in Business Process Outsourcing (BPO) i. e. carrying out IT-enabled services (ITES) for local and foreign companies. India also offers global customer service through call centers. It is not just large international banks that are increasingly availing of such services and profiting from India's highly qualified albeit low-wage personnel. The opportunities for cost-cutting are enormous. An Indian call center employee, with his average annual earnings of 3,600 euros, earns only a fifth of what his counterpart in Great Britain would earn. The British HSBC, the world's second largest credit institute, reports that every job that is outsourced to a low-wage country is able to save the company more than 15,000 euros annually, without compromising on the customer service. Therefore, the bank plans to double the number of its employees in Asia in the foreseeable future. Currently, Deutsche Bank partially processes its electronic funds transfer in Bangalore, India.

China is not leading only in the textile sector, where it has already overtaken Turkey. Buyers of »C-parts« i.e. products with a low purchase price, are sure to find a plethora of Chinese manufacturers who are able to submit very attractive offers. The same applies to shoes. Italy has long since lost its position as the Mecca for buyers of the shoe store chains. Every second pair on the store shelves is imported from China.

In the last few years, Eastern European companies have earned an excellent reputation as suppliers to the automobile industry and no longer need to dread the comparison with the West in terms of quality. Not to mention the significantly lower labor costs that gives them an edge over the competition. An example furnished by the consulting firm McKinsey documents the economic efficiency of procuring components overseas and of establishing international production facilities. According to this, a manufacturer of basic automobile gearboxes saves approximately 250 euros per gearbox – inclusive of custom duty and transportation costs – by procuring the most valuable components in the Czech Republic and by finishing the production of the systems, which are meant for the Chinese and Mexican markets, in these two countries itself.

Trade has helped the European Union establish closer links with its immediate neighbors. In the first place, the Union has stepped up its trade with the candidate countries of central and Eastern Europe that are due to join the EU. The agreements with these countries, known as »Europe agreements«, are intended to promote and catapult free trade between them and the EU before they actually join. All these countries are, even today, among the most significant trade partners of the EU economy, and it is foreseeable that this relationship will further intensify.

In 2002, China was fourth on the list of EU's main import countries, close on the heels of Switzerland and Japan. Chinese companies exported goods worth over 81 billion euros to the EU. Meanwhile, China earned the sixth position in the list of EU's main export countries by importing goods worth 34 billion euros.

Countries are increasingly taking the initiative to set the course for sustainable economic growth thus helping their citizens prosper. The Director of Innovation Transfer Center of Poland, Mrs. Helena Korolewska-Mroz remarked: »An unbelievable dynamic exists in many countries. Countries that were not too long ago regarded as developing countries will catapult themselves, in the span of a single generation, into the sphere of leading nations of the 21st century. Bold visions for the future are being framed and implemented there.« Simultaneously, there is another development process underway that supports the boom in these regions. For instance, the erstwhile industrialized countries after reaching a stage of maturity are now focusing on services and undertaking production of technically complex products to satisfy the ever-increasing needs of their people while the less challenging jobs are being relocated abroad.

Significant changes in society

The trend towards globalization is also reflected through significant changes in society. For example, mobility of the people is increasing at a rapid pace since many years. The number of passenger kilometers in international air traffic has risen more than a hundred times since 1950. Cross-border rail and road traffic too, is dynamically increasing. People are no longer vacationing exclusively within their own country. Long-distance trips are in vogue. Reasonably priced holiday packages are alluring people to make short visits to neighboring countries. For many, business trips to China, India or some other country are already part of the everyday business life. It is no longer something extraordinary to take semesters abroad, not only to profit from the know-how of the respective country but also to get to know the different mentality of the people. And this not only apply to the new generation from the industrialized countries. Today, Eastern Europeans and Asians are studying at international elite universities as much as prospective engineers and businessmen from the countries of the West. Mobility, however, is not restricted simply to vacation travel and studying abroad. Decolonization has led to people from the former colonies returning in hordes to their colonial states. Western cities have become multicultural centers. Paris, London, and New York are examples of metropolitan cities that have an above-average share of international population.

It is not just in these cities, however, that elements of diverse cultures are part of the urban landscape. In most industrialized nations today, people do not raise an eyebrow when they see Chinese or Italian restaurants. Bars and pubs playing African music are no longer uncommon. The reverse however, also holds true. Home specialties can be purchased at many places all over the world, and one can also visit restaurants with local cuisine abroad.

Meanwhile, Western consumer goods have conquered the entire world. The spread of television, the increase in consumer advertising and the increasing number of international films have enormously contributed to this end. Today, no matter in which country one lives, everyone knows blue jeans and Coca-Cola as well as McDonald's, which began its triumphant success outside North America in 1971.

The Internet has developed into a significant global source of information for individuals and companies. The number of Internet connections continues to increase at a rapid pace. With this, small and medium-sized businesses as well as less-developed countries have access to information that until now could only be generated by incurring high costs. At the same time, price comparisons and financial transactions are possible in seconds. This increased transparency and the exchange of data at lightning speed also leads to clearly intensified competition among the suppliers. Nevertheless, no country can afford to isolate itself from global markets in the future. This is because in almost all countries globalization has led to a noticeable improvement in the living conditions. Regions that took an aggressive stance against other countries to the challenges posed by the opening of the markets were the ones that registered the biggest successes. Use the example of East Asia – only four decades ago, almost the entire area was among the poorest regions of the world. With the first few steps towards globalization, the standard of living of the population started improving continuously. Democracy set in slowly but steadily. The economy showed a positive development. Topics like environmental protection and improvement of working conditions continued to gain importance.

A comparison of the anticipated development of the world population up to the year 2050 proves just how important the consistent development of globalization is for the Western economy. It is, in fact, almost vital for its survival. According to this forecast, the world population will increase from the current 6.5 billion to about 9.1 billion. The growth, according to the United Nations, will stem mostly from Asia (+44%), Africa (+140%) and Latin America (+51%). In Europe, on the other hand, the population will reduce by 17%. A disproportionate growth in turnover is expected mainly outside Europe in the long run.

Germany: Example of a Western Economy slowly adapting to globalization

Like many developing countries today, Germany and the other European countries received massive aid from the US after the Second World War. The European Recovery Program (initiated by the then US foreign minister George E. Marshall) was aimed at helping regions that were marked as severely hit, to stand on their feet once again and to prevent communism from spreading in these countries. 16 European countries participated in the so-called Marshall Plan Conference in July 1947. The Eastern European countries were also invited; however, the USSR strictly forbade them to participate. Goods, raw material, foodstuff, and credit worth 1.5 billion US dollars flowed into West Germany between 1948 and 1952 and provided many areas with the foundation to make a new beginning. Among these were mainly coal mining and the power industry.

Right from the start, the then German Chancellor Konrad Adenauer directed his foreign policy strictly to become a reliable partner of the West through a multitude of contracts and agreements. For him, the guarantee of freedom by integrating with the West held a much higher position than the pursuit for reunification. In the following years, the cooperation with the neighboring countries towards the West and the US was continuously developed and laid on a solid foundation, for example, first with the European Coal and Steel Community and then with accession into the EEC. Only after the fall of the Berlin Wall in 1989 and the collapse of the Soviet Union did Germany begin opening towards the East. Up until then, political and economic contacts with Eastern Europe had more of a scarcity value. Today, guests of state from these countries are received just as warmly as guests from any other country. Globalization has in this way also found its way into German politics.

Germany continues to be the world's most prolific exporting nation. In 2004 alone, German companies exported goods worth approximately 728 billion euros, thus taking the export surplus to a record 156 billion euros. This is proof enough that foreign trade has become the central pillar of the German economy. Even the Federation of German Wholesale and Foreign Trade (BGA) endorse this assessment. The BGA is convinced that the expansion of the EU, coupled with the economic growth in the emerging economies, opens up markets with a high growth potential in the long term, and are therefore causes for optimism.

It is however quite clear that Germany can, by no means, maintain its enviable position at the top in all areas. The textile industry, for example, has to struggle to survive against the stiff competition from China and Turkey. The leather goods industry (which has downsized its workforce by 90 % since the early 1970s) is also facing difficult times. Meanwhile, the production has been moved almost entirely to the economically viable countries, leaving only about 4,000 people employed in the leather goods sector in Germany. A similar trend is seen with the automobile spare parts suppliers and many other companies that have also shifted to low-wage countries that are attractive not only because of low manufacturing costs of C-parts but also for the good quality of their products. Manufacturing costs even in the countries that are generally believed to be expensive are much more competitive than those in Germany. A good example is the power saw manufacturer Stihl, which by manufacturing in Switzerland, saves 30 % per hour as compared to the production in Germany. Costs in the US are 44 % below the German average whereas the difference in costs between Germany and Brazil is a massive 86 %.

The state-aided mineral coal industries, steel and chemical sectors are also in a very precarious position. Foreign competitors with innovative ideas and efficient products have long since overtaken the German companies. In Germany, future industries like gene technology are to a large extent underdeveloped. Likewise, the expansive pharmaceutical industry has almost completely moved out of Germany. Even German banks and large service providers are seriously considering the prospect of relocating their head offices or at least important departments abroad. The situation is such that it makes no difference that the German Minister for Economic Affairs is asking for »modern patriotism« and is exhorting the entrepreneurs to remain in Germany. Extremely high labor costs and tax rates, which are much higher than in other countries, curb the interest to support production in Germany in a sustainable manner. Those who do not venture into foreign markets and continue to create value for their company exclusively in Germany run the risk of losing out to the ever-intensifying international competition, at least in the medium term.

The label »Made in Germany«, which significantly contributed to the success of German products globally, is now convincing fewer buyers. No wonder that reports about grave defects in the quality of high-end German brands are increasingly making the headlines. For example, in 2004, Daimler-Chrysler had to call back limousines of the A, E and S classes, as well as from the model series CL and CLK because of grave defects in the electronic hydraulics system. As a result the luxury automobile manufacturer had to be content with the third-last place in a customer satisfaction analysis conducted by the Germany automobile club. Foreign brands that were looked upon as qualitatively inferior a few years ago, stood far ahead of Daimler-Chrysler.

Siemens, too, had to see its image being marred. Apart from the problems with the software of a new cellular phone model, the electronic giant had to admit to serious defects in its low-floor streetcar »Combino« in the recent past. The list of such examples can go on. Foreign manufacturers like Toyota are profiting from these developments and continue to register immense sales successes all over Germany. With that, globalization is reaching new dimensions for the German economy. *Spiegel*, the leading German news magazine, therefore reports »Bye-bye ›Made in Germany‹« and the *Handelsblatt*, a leading German economics newspaper says, »Something is very wrong with ›Made in Germany‹.« What matters most is the convincing power of the brand and not the country in which the goods are produced.

Meanwhile, even the most traditional German companies are discovering this change. For example, Miele now manufactures its household appliances in the Czech Republic. Engineering and plant construction, the most important sector for increasing turnover in the German economy, is planning at least a partial farewell from German production facilities by the end of this decade. According to a survey conducted by the consulting firm Roland Berger, 90% of the companies in this segment want to relocate parts of their production abroad in the near future. The picture in the automobile spare parts industry also looks similar. The accounting and consulting firm Ernst & Young reports, »Every second German automobile spare parts supplier is currently planning to construct production facilities in Eastern Europe or China.« It is by no means only the favorable labor and manufacturing costs of the new locations that the companies hold so dear. Highly qualified employees, flexibility in the factor of work and the work habits are equally important reasons for the scheduled relocation. »Meanwhile, there are excellent engineers in Beijing and Bratislava, too,« says Peter Fuß, head of the automotive department at Ernst & Young. The expert in this segment opines that even regions like Southeast Asia, South America, and India will develop into similarly attractive manufacturing locations for German automobile spare parts suppliers. Fuß declares, »Germany as the automobile manufacturing location is in complete danger.«

The increasing export of work, however, is creating new jobs in Germany. In fact, more jobs are being created than being lost in the country. This result, which is surprising at first glance, is backed by the study »Effects of Globalization on Employment«, published by the Federal Ministry of Finance in 2004. The Ministry provides the reasons for and refers to the development of the contribution of foreign economics in the Gross Domestic Product. It arises from the difference between exports and imports. Taking inflation into account, this so-called trade balance has increased five times between 1991 and 2003. Currently, a good one-fifth of the domestic value added and with it the number of jobs depends on exports – and in an increasing trend. According to the interpretation of the Federal Ministry of Finance, this means »nothing other than the fact that Germany is utilizing the strengthened international division of labor, including the relocation of production and the advance imports in order to ensure domestic jobs and to create new jobs in the process of the structural change.«

Mr. Ireneusz Gorecki, managing director of GB Resources Polska has reached the conclusion that »the growing internationalization of the German economy is opening up many opportunities for more jobs in the country«. Simple, labor-intensive activities would be relocated abroad and this would at the same time spur on the development and production of specialized high-value goods. The study however complains »that many established companies do not utilize the potential of global production networks actively enough and as a result leave the growth potential untapped«.

Large backlog in Western society

It is natural to expect a certain degree of openness towards other countries from Western nations that pride themselves on being world champions in exports. However, that is not so. Among many sections of the population, there continue to exist mental blocks against nations that have long since developed into important trade partners. For example some people still deride the Chinese to be »dog eaters«. Poles and other Eastern Europeans are looked down upon as notorious thieves. Many critics qualify India as being filthy, without having visited the country even once. And a propensity to violence is attached to the South Americans.

Everything that does not come from the West is often met with skepticism. All this, despite the fact that Eastern Europe, the former Soviet Union, and China have taken big steps to draw themselves nearer to Western customs and that, exactly like the Western world, they are concerned about the prosperity of their citizens. Therefore a rethinking is urgently required. The American economy and many European neighbors have long since grasped this development and are working open-mindedly with companies from all over the world. Companies need to emulate these examples without fail if they do not wish to miss the boat in the medium term.

The prejudices against countries, that one is not completely familiar with reflect even in the planning of vacations overseas. Germans and the British travel to Majorca and the Canary Islands with pleasure. The Americans and the French prefer to stay in their home countries. This is not just because the journey lasts just a couple of hours and because airlines and travel agencies constantly offer very attractive, cheap deals. The reason is very often something else. In these countries, the vacationers can be sure of getting exactly what they get back home. And lastly, the Western tourists also find it extremely attractive to be able to speak in their own language to the hotel and inn personnel.

The reason is not just the aversion to learning another language. Many people think it only natural that every foreigner who might be interested in conducting business with them should master either the native language or at least English – a demand that in these times of global markets is arrogant and does not particularly contribute to promoting the reputation of one's country as a cosmopolitan one. It is only gradually that young Western managers and engineers are recognizing the importance of knowledge of foreign languages for their career and for the international success of their employers. Personnel consultants continue to be posed with a very challenging task when recruiting Western candidates for foreign assignments. Such recruitments are still not too difficult to manage if the positions are in the US or in other Western countries. If, however, the position to be filled is in China, India, or in some other part of the world, it tests the persuasive skills of the consultant to the fullest and also requires a proper »compensation for pain and suffering« in the form of clear allowances in the salary. The necessity of globalization and the readiness to participate actively in its development has not yet caught on in the minds of many Europeans.

However, when it comes to profiting, no one wants to miss the opportunity. »Smart shopping« (i. e., the hunt for bargains) has become the nation's favorite sport. Hopefully, this satisfaction at landing a great buy will promote the readiness to show some openness towards other countries and their people.

Globalization cannot be held back any more

Even the most vehement opponents of globalization have to realize at some point, that globalization is like a law of nature. The Western economies can only survive if they rise to the challenge and if they consistently use the advantages of global integration. The protectionism of the last few years cannot be sustained any longer if one wants to be a part of the forecasted development of the world economy. After all, it has long been proven that the international exchange of goods leads to the prosperity of all those involved. Through the intensified international division of labor, salaries in the low-wage countries increase. In regions where innovative and complex capital and consumer goods of high quality are manufactured, the income situation and the quality of life, both improve in a sustainable manner. There is therefore, no reason to whine about the international markets growing together. On the contrary, we should be happy that globalization presents us with the unique opportunity to strengthen the global economy and to ensure peace.

From an economic perspective, it makes no sense to obstinately latch on to local sectors that were once economic »pearls« but that have lost their shine lately. In Western countries, sectors that have not made a noteworthy contribution to the Gross Domestic Product since long are kept alive with the help of enormous state subsidies. For example, there are enough companies abroad which can produce significantly and efficiently in the steel sector than is possible in Europe. Europeans should essentially concentrate on their core competencies like research and technology and procure simpler components abroad. The fact that active globalization can become a »job creator« for Western countries has already been proven by the Federal Ministry of Finance and universities in their studies.