

1.6. Globalization

According to the prevailing economic view, international economic integration results in an overall increase in welfare. New markets and fields of economic cooperation offer prospects for expansion. But the welfare returns from globalization are not equally distributed among economic groups and countries.

The biggest conflict between global economic and national political interests is felt on the labour market. Due to their global thinking, international companies more and more liberate themselves from their national roots and no longer base their actions on national and social requirements. Internationally active companies are guided in their decision for a location – apart from infrastructure and educational standards – by unit labour costs and environmental requirements of the individual countries.

On the labour market, globalization and technological development result in a dualization: Unskilled labour suffers particularly from this globalization process, these jobs are partly lost and the income level decreases comparatively. Skilled labour, however, is generally better off: engineering-intensive branches support export success and the demand for qualified services rises.

Overall, the increased competitive pressure enforces rationalizations and relocation of production facilities which result in job losses. The return to the protectionism of the past, however, does not constitute an alternative, as this would be counterproductive for export-oriented national economies. To oppose these trends and the asymmetries in foreign trade relations, negotiations on „fair trade“ and „market access“ including the introduction of environmental and social standards must be advanced. In addition, the application of the instruments of the EU foreign trade policy (antidumping, protective measures) is indispensable.

Politics today are more than ever asked to alleviate the problems of adjustment to international economic integration and take labour market measures in favour of the losers of the modernization process. The EU law on competition, present budgetary restraints as well as practical experience restrict the approach of solving this problem through state subsidies to transitional protection and support measures provided for in the WTO.

In the future, the structural change on the labour market will rather be accelerated through globalization and technological change. The affected employees in the diminishing industrial branches cannot automatically change to jobs in the expanding economic fields, as these require different skills and are located in different regions. Increased efforts for further vocational training both for employed and unemployed as well as an expansion of the service sector will be necessary to adequately cope with the rapid structural change.

1.7. Opening of the Eastern Countries

The subject of the opening of the Eastern countries has been discussed by the Advisory Council in the study „Ostöffnung“ („Opening of the Eastern