

Franz Fehrenbach (DE)
Chairman of the Board
of Management
Robert Bosch GmbH
Stuttgart

Born in 1949. Franz Fehrenbach was educated at the University of Karlsruhe where he received his degree in industrial engineering in 1975.

After finishing his studies, Franz Fehrenbach started his professional career as a Trainee at the Bosch Group. In 1976, he acted as Assistant in the Office of the Executive Management in the Electrical and Electronic Engine Equipment Division. From 1978 until 1980, Franz Fehrenbach held the position of Director of Materials Planning and Logistics at the Stuttgart-Feuerbach Alternator Plant. In 1982, after a two-year period as Commercial Plant Manager at the Hildesheim Plant, Franz Fehrenbach took over the position of Vice President in the Corporate Department for Planning and Controlling. In 1985, he was appointed Vice President and, in 1988, Executive Vice President of Finance and Administration of the Robert Bosch Corporation in the United States. One year later, Franz Fehrenbach was nominated Executive Vice President of Finance and Administration of the Starters and Alternators Division, where he served as President from 1994 until 1996. Subsequently, he became Executive Vice President of Finance and Administration of the Diesel Systems Division. One year later, he accepted the position of President of this Division. In 1999, Franz Fehrenbach was appointed as a Member of the Board of Management of the Robert Bosch GmbH. Since 2003, he has been Chairman of its Board of Management.

Franz Fehrenbach also serves as a Member of the Managing Board of the German Association of the Automotive Industry (VDA) as well as of the U.S. Board of the Presiding Committee of the Confederation of German Industry (BDI).



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We can by all means consider globalisation as an opportunity and a challenge: new markets on the one hand, tougher competition on the other. At times, however, it seems that public

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debate is conjuring up the imminent return of an all-conquering power from the East – only this time the danger is not Mongol hordes or Soviet tanks, but cut-rate competition. Once more, we seem to be persuading ourselves that good old Europe has seen its best days. As a matter of basic principle: Let's have more confidence in ourselves.

Modern technology, too, is seen too much in terms of its risks than of its opportunities. Because it is so complex, we are tempted to over-simplify. The diesel, for example – which incidentally is a great success story of the European automotive industry – is now more eco-friendly than ever thanks to refinements to the inner workings of its engine. Yet we do not appreciate this achievement, but have nothing better to do than entangle ourselves in debate about residual dust particles. That clouds the climate for innovations. Let's have more confidence in our engineers' abilities.

Not only individual companies but also government budgets have to show that innovation is a clear priority. There is a positive correlation between high intensity of research and economic dynamism. Since the mid-1990's, not only has spending on research and development in Scandinavia and North America seen a steep rise, but GDP in those countries has also increased by an exceptional amount. Conversely, this is a major cause of the current weak growth in countries such as Germany. Let's give clear priority to research spending.

We would be deluding ourselves, however, if we were to believe that innovation would allow us to permanently avoid the international pressure on costs and prices. After all, every product matures and becomes obsolete, and many emerging countries are catching up in terms of know-how. High-cost locations have to secure their competitiveness in other ways, too – even if that means that parts of the value added chain “emigrate” to less expensive sites in other countries. Why, then, should relocation of production only be regarded negatively? Let's take a less simplistic view of things.

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When all is said and done, even with standard products we cannot seek our salvation solely in relocation to low-cost sites. If we do not improve our processes, then in the end we will have problems everywhere. We can also save costs by working more efficiently at home. Here, Japanese companies like Toyota have shown us the way forward. These are companies that do not complain about the conditions for business in, nor turn their backs on, their home country. Instead, they ensure that the processes in their factories improve continuously, and thus become less complicated and less costly. Let's do our homework better.

Whatever we do, there is one trend we cannot stop: in the OECD countries, employment in the industrial sector has been falling for years. At 20 percent, the share of jobs in the industrial sector in Germany is still relatively high. But even here, the trend is a negative one. Unlike in the U.S., however, it is only insufficiently compensated for by the service sector. This sector's capacity for job-seekers therefore has to be expanded. This can only succeed if the barriers to entry in the service sector are lowered, especially with lower starting pay for new recruits. This would be better for society than a well-intentioned employment guarantee in "old industries". Let's have more flexibility in wage and labor market policy.

Here, we have to ask how the trade unions see themselves and their role. First and foremost, they do not see it as their task to achieve fair market wages, but instead to bring about equitable distribution. But where there is barely any growth left to distribute, this ploy no longer works. Yet unions defend all the more vehemently the ground they have gained, such as the 35-hour week in Germany. They do so even though the populace has long since seen the signs of the times, and is no longer averse to longer working hours. This solution can only take hold where the pressure of problems is greatest – on the level of the company. Let's have a better ear for grassroots opinion.

Whatever the problem we want to tackle, our societies have to have a sustained willingness to

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accept reform. However – in Germany at least – the reaction to reform can quickly swing from “I dare you” to “How dare you!”. It really is a paradox: many people believe that the government is somehow capable of shaping their destinies, yet only few believe that the incumbent administration can solve the present economic problems. This is no way to create a sense of new departure. What would be needed is a political leadership that does not simply proclaim the benefit of reforms in abstract terms, but also tells the people affected in plain language what they will lose and, at all events, what they will gain. Let’s have clearer signposts in the labyrinth of reform.