

# Europe Inc.

## Democracy in Europe Threatened by Corporate Interests

*Since the early eighties, the increasing political power of the European Union has drawn a large crowd of lobbyists to Brussels. A few dozen environmentalists, trade unionists and representatives of other social movements are totally outnumbered by an army of thousands of corporate lobbyists that has invaded Brussels. This article tries to show the extent of corporate influence over European Union policies by the example of a not very well-known, but very influential corporate lobby group: the European Roundtable of Industrialists.*

Over the past two decades, the growing economic and political power of transnational corporations (TNCs) has been steadily eroding the powers of national governments. It is a common assumption that this loss of power at the national level can only be countered by creating supranational blocs like the European Union (EU): effective environmental or social policies would only be possible within such supranational blocs.

However, as the inhabitants of the European Union experience on a daily basis, the transfer of political power from the national to the EU level does not lead to better protection of the environment or better social rights. On the contrary: we see the EU promoting the construction of huge new motorways to enable the transport of goods throughout the single market, we see the European Commission forcing Luxembourg, Austria and Italy to open their markets for genetically manipulated maize of a Swiss-based transnational corporation, Novartis AG (a merger of Ciba-Geigy AG and Sandoz AG), all in the name of the single market.

We see transnational corporations concentrating and restructuring their activities within the single European market, causing enormous local unemployment problems, like recently in Vilvoorde, Belgium. Despite all the rhetoric about a Social Europe, the European Union has shown itself to be incapable of preventing these kind of things happening.

The single market is leading to increased tax competition between EU member states. This has already caused a shift in taxation from capital to labour, with serious (negative) effects on employment levels. Until now, several member state governments have opposed tax harmonization in the EU. In Amsterdam, German Chancellor Kohl prevented the introduction of qualified majority voting on taxation issues in the Council of Ministers. This makes it rather unlikely that the damage done by the freedoms of the single market will be repaired by tax harmonization measures.

It seems that the most important goal of European Union is to protect the sacred

single market. This is not a result of historical necessity, nor did it come about by coincidence. For many years now it has been the explicit aim of corporate lobbyists in Brussels to shift the emphasis of EU policies and have them reformulated in terms of international competitiveness. Among the corporate groups that have been chanting the competitiveness mantra in Brussels, one stands out from the rest: the European Roundtable of Industrialists (ERT).

### Europe's Chief Executives

The European Roundtable of Industrialists, founded in 1983 on the initiative of EU Commissioner Etienne Davignon and Volvo Chairman Pehr Gyllenhammar, now represents the interests of 45 of the largest European-based transnational corporations and can be considered a very influential actor on the European political scene.

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## ERT MEMBERS

### Chairman

Helmut O. Maucher, Nestlé (Switzerland)

### Vice-Chairmen

Gerhard Cromme, Fried. Krupp (Germany)

André Leysen, Gevaert (Belgium)

### Members

Americo Amorim, Amorim Group (Portugal)

Percy Barnevik, ABB Asea Brown Boveri (Switzerland)

Jean-Louis Beffa, Saint Gobain (France)

Peter Bonfield, British Telecom (United Kingdom)

Cor Boonstra, Philips (The Netherlands)

Simon Cairns, B.A.T. Industries (United Kingdom)

Bertrand Collomb, Lafarge Coppee (France)

François Cornélis, Petrofina (Belgium)

Alfonso Cortina, Repsol (Spain)

Etienne Davignon, Société Générale (Belgium)

Carlo de Benedetti, Cofide-Cir (Italy)

Casimir Ehrnrooth, Kymmene Corp. (Finland)

Jean-René Fourtou, Rhône-Poulenc (France)

José Antonio Garrido, Iberdrola (Spain)

Fritz Gerber, Hoffmann-La Roche (Switzerland)

Ronald Hampel, ICI (United Kingdom)

Ulrich Hartmann, Veba (Germany)

Cornelius Herkströter, Royal Dutch/Shell (UK/Netherlands)

Daniel Janssen, Solvay (Belgium)

Alain Joly, Air Liquide (France)

Jak Kahmi, Profilo Holding (Turkey)

David Lees, GKN (United Kingdom)

Flemming Lindelov, Carlsberg (Denmark)

Pietro Marzotto, Marzotto (Italy)

Jérôme Monod, Lyonnaise des Eaux-Dumez (France)

Egil Myklebust, Norsk Hydro (Norway)

Harald Norvik, Statoil (Norway)

Theodore Papalexopoulos, Titan Cement (Greece)

Heinrich von Pierer, Siemens (Germany)

Lars Ramqvist, Ericsson (Sweden)

Edzard Reuter, Airbus Industry (European Consortium)

Cesare Romiti, Fiat (Italy)

Nigel Rudd, Pilkington (United Kingdom)

Peter Sutherland, BP (UK)

Richard Schenz, OMV (Austria)

Manfred Schneider, Bayer (Germany)

Jürgen Schrempf, Daimler Benz (Germany)

Louis Schweitzer, Renault (France)

Michael Smurfit, Jefferson Smurfit (United Kingdom)

Morris Tabaksblat, Unilever (UK/Netherlands)

Marco Tronchetti Provera, Pirelli (Italy)

Mark Wössner, Bertelsmann (Germany)

Source: ERT website - [HTTP://www.ert.be/](http://www.ert.be/)

More than just another lobby organisation trying to benefit from the European integration process, the ERT was formed with the express intention of reviving European integration, which had come to a virtual standstill in the early eighties, and shaping it to the preferences of European transnational corporations.

Unlike UNICE, the massive EU employers' confederation, the ERT has always stayed aloof from lobbying on detailed legislation. Instead, the ERT aims to paint the big picture and fill the EU political agenda with new sizeable projects. As ERT Secretary General Keith Richardson put it during an interview in February this year: «We don't deal with sectoral issues, we don't deal with national issues. We only talk about the overall question.»

Another peculiarity distinguishing the ERT from umbrella or sectoral industry organisations in Brussels is its membership. ERT membership is reserved to a maximum of fifty chief executive offi-

cers of large European transnational corporations, who have to be elected into this exclusive club by the existing members. The elite character of the European Roundtable of Industrialists guarantees an extremely privileged access to decision-makers, both at the national and at the European level, and has contributed a lot to the organization's effectiveness.

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**«We do quite a lot of things, but we don't make a big fuss about what we're doing.»**

**Keith Richardson, ERT**

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From the outset in the 1980s, relations between the European Commission and the ERT have been excellent. Two ERT members, Etienne Davignon of Société Générale and François Xavier Ortoli of Elf, previously held the position of Commissioner themselves.

## One Market

The close relationship between the European Commission and the ERT played a crucial role during preparations for the Single European Act, which enshrined the Internal Market in the EC Treaty. In January 1985, ERT chairman Wisse Dekker of Philips launched a proposal and timetable for the removal of all obstacles to trade within the European Economic Community (Europe 1990; Agenda for Action). The Commission apparently liked Dekker's ideas. In fact, the pressure from European industry leaders for a single European market was precisely the momentum towards further European integration that the Commission was seeking. The Dekker-plan formed the basis for the Cockfield White Paper, which was published later in 1985 and prepared the way for the Single European Act.

Behind this rapid success lay an intensive lobbying offensive, waged by the ERT. According to ERT Secretary

General Keith Richardson: «Wisse Dekker made it [the Internal Market] his main priority for four years. Bearing in mind that when it was first launched governments were not very keen, we helped to push it through.»

On its website (<http://www.ert.be/>) the ERT claims that «the Single Market programme was an achievement for the ERT and for Europe as a whole. But the deadline was set only for 1992 and the ERT felt it was necessary to keep a watch on the established timetable. On 1 December 1986, the ERT called the first meeting of its Internal Market Support Committee (IMSC). Every six months, ERT Members met the leading officials in the country holding the EU presidency to encourage action on the 1992 programme. It was not until 1988 that the Single Market programme secured the decisions that made it irreversible.»

## Reshaping Europe in Maastricht

During the negotiations of the Maastricht Treaty, the ERT again played a very active role, meeting regularly with Commissioners Andriessen, MacSharry, Brittan and Commission President Delors. Meanwhile back home, individual ERT members met with powerful national policy-makers, repeating the same messages that were sent to the Commission. The two most tangible results for the ERT at Maastricht were the incorporation in to the new Union Treaty of a time schedule for achieving Economic and Monetary Union and plans for the construction of so-called Trans-European Networks, both issues that had figured high on the ERT wish list since the mid-eighties.

## One Coin

The 1991 ERT report Reshaping Europe contains a passionate plea for monetary union in Europe: «Japan has one currency. The US has one currency. How can the Community live with twelve?» The timetable for Economic and Mon-

etary Union in the Treaty is remarkably similar to the one presented in Reshaping Europe.

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**«They (the ERT) were one of the main driving forces behind the Single Market»  
Jacques Delors in a televised interview (March 1993), quoted by the ERT**

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In a recent TV interview for Dutch television, Mr. Richardson remarked that a few weeks before the 1995 Madrid EU Summit, ERT members approached the EU heads of government and state and urged them to take binding decisions on time schedule and the convergence criteria for Economic and Monetary Union. So it happened.

As the EMU seems now well-assured on the political level, the ERT is not working on this issue anymore. The work has been passed on to a closely related organisation: the Association for the Monetary Union of Europe, AMUE, presided by ERT godfather Etienne Davignon.

## TENs

The incorporation in the Maastricht Treaty of the Trans-European Networks, the plans for large infrastructural investments comprising 12,000 km of new motorways in the EU and the building of high-speed rail links throughout Europe, can be considered the second big ERT success at Maastricht. Plans for Trans-European Networks were conceived by the ERT in the mid-eighties and published in two reports (Missing Links and Missing Networks). The maps in these reports are remarkably similar to the maps of the European Commission.

This comes as no surprise when one knows that the Commission funded many ERT activities on transport issues in the late eighties and early nineties. Furthermore, the ERT was one of the seven road lobby groups in the official EU Motorway Working Group which put together the list of Trans-European Road Network (TERN) projects.

As the ERT already envisaged in the mid-eighties, the single market and its low transport prices have led to an enormous increase in long distance transport of goods in the EU. The Trans-European Networks are a necessary precon-



dition to advance on the road towards a globalized economy which will be even more dominated by transnational corporate interests than today's world already is.

Since 1993, the ERT has transferred most of its activities in the area of transport to ECIS, the Rotterdam-based European Centre for Infrastructure Studies, which was set up by the ERT in that year. ECIS has regularly provided the Commission with much needed arguments for the large public investments in TENs. In late 1996, for example, ECIS released a report written on behalf of the Commission and evaluating the macro-economic effects of the high speed railway links between Paris, Brussels, Amsterdam and Cologne. This report was one of the main sources for a Commission report to the European Parliament on the job creating effects of TENs. This summer ECIS passed away, ironically due to cuts in EU funding...

### After Maastricht : Chanting the Competitiveness Mantra

When Jacques Santer assumed office in January 1995, one of his first acts was the installation of a so-called Competitiveness Advisory Group (CAG), implementing a decision of the 1994 Essen EU Summit. The group received a mandate to report bi-annually on the «state of the Union's competitiveness» and to advise on EU economic policy priorities and guidelines with the aim of stimulating competitiveness and reaping its benefits.

The Competitiveness Advisory Group is described as an independent advisory group composed of top industrialists, trade unionists and academics, handpicked by Jacques Santer himself on the basis of personal merits. However, there exists a clear link between the CAG and the ERT: the idea of a body like the CAG was conceived by the ERT and first proposed in its 1993 report *Beating the Crisis*. A somewhat reworked version of the 1993 suggestion was brought up again in the 1994 ERT report *Euro-*



pean Competitiveness — the way to growth and jobs. ERT man Keith Richardson boasts that «the idea was fundamentally put together by Floris Maljers and myself. The first idea was not accepted, so we changed the format and the final idea was accepted at the Essen Summit.» Furthermore, the ERT has always been well represented in the 13-person Competitiveness Advisory Group, with prominent ERT members Floris Maljers (Unilever) and David Simon (BP) as two of its temporary Presidents.

According to the Commission's permanent representative in the CAG, Alexis Jacquemin, in a recent interview in the *European Voice*, «the group doesn't claim originality». On reading the CAG reports (which have recently been compiled into a book that has been sent to all EU leaders in preparation of the Luxembourg Employment Summit) one gets the impression that the main function of the CAG is to repeat ideas that were previously put forward by industry interest groups like the ERT and UNICE and lend them an aura of broader consensus.

## Amsterdam: Confirmation of the Status Quo

The Treaty of Amsterdam is a messy one, reflecting the extensive horse-trading that took place during the Amsterdam Summit. At the closing press conference of the Summit, Dutch Prime Minister Wim Kok claimed successes and improvements in areas like democracy, employment and environment, but a closer look at the Amsterdam Treaty raises the question whether real improvements have been made in these fields. On the other hand, international competitiveness is perhaps more clearly than ever inscribed in the treaty as the key to employment and welfare in Europe. Thus the new treaty ignores the many warning signs that ever increasing global competition will lead to further job losses and a race to the bottom on taxation, social protection, environmental legislation and many other crucial areas.

The confirmation of the Stability and Growth Pact, which commits member states to continued and even intensified budgetary discipline after the foreseen start of EMU in January 1999, and the commitment of the Luxembourg, UK and Austrian presidencies to give priority to the so-called Single Market Action Plan, were perhaps the greatest corporate successes in Amsterdam.

For business, the final outcome of the Amsterdam Treaty contains positive and negative elements. Possibly the biggest disappointment for industry has been the limited revision of Article 113 of the treaty. Despite heavy lobbying on this article, a much further-reaching proposal to increase the Commission's authority in negotiating international trade deals on behalf of all member states (lobbied for by both ERT and UNICE) was scuppered by Jacques Chirac. But on the other hand industry will be happy with the fact that Helmut Kohl successfully torpedoed the proposed lift of national veto power on tax harmonization issues, thus keeping his promise to the German employers' organisation BDI. With this move, Kohl has minimised the chances for introduction of European ecotaxes.

Initial business reactions to the new Treaty were reserved: «a mixed result, but generally positive» (UNICE). ERT spokesman Richardson wrote that «the European leaders in Amsterdam made some progress, but they missed the opportunity for far-reaching reforms in the EU.» He added that «the EU economy is in many ways as strong as the American, but we lose out in Europe because our structures are still too fragmented and our political system is slow to take decisions and stubbornly resistant to innovation. There lies the real need for reform which the IGC failed to deliver.» Richardson concluded his analysis with the observation that: «from a business point of view the EU looks like a strong company that is badly managed. Once monetary union and enlargement are upon us and confidence turns up again, the need for genuine reform and a thorough management shake-up will be irresistible.»

## Benchmarking the Union

Keith Richardson's comparison of political issues with business management neatly summarizes what kind of Europe the ERT dreams of: a Europe Incorporated, run by the Commission as a kind of executive board assisted by a technocratic middle management comprised of the Commission staff and the European Parliament.

Benchmarking, a term derived from business management and one of the latest ERT catchwords, can be considered as a tool to introduce business techniques in politics. According to a recent ERT report (Benchmarking for Policy-Makers: the Way to Competitiveness, Growth and Job Creation), benchmarking means «scanning the world to see what is the very best that anybody else anywhere is achieving, and then finding a way to do as well or better.»

The ERT report describes how the Dutch government has already used benchmarking to evaluate the competitiveness of the Dutch economy. This comparison «demonstrated a failure to exploit the full potential» of the Dutch

economy. In an effort to outdo its international competitors (i.e. other nation states), the Dutch government pledged to «reduce the wedge of tax and social security charges, simplify regulations and open markets for new entrepreneurs, and to strengthen both the intellectual and physical infrastructure.» The Dutch example shows how benchmarking facilitates international (downward) competition on taxation and social or environmental regulation.

It is also revealing that the ERT puts forward the Maastricht convergence criteria for EMU as a perfect example of what benchmarking is about. During an interview in February, Mr. Richardson elaborated on the function of the convergence criteria: «People sometimes ask the question: what do we do if we get to the first of January 1999 and not everybody is ready? But for us that is not the question. What is important is that because the pressure is there, governments are doing things that they should have done anyhow. It is the pressure that is making governments react. It is creating its own dynamic. It has transformed the shape of public finance in Europe. You see this very obviously in Spain and Italy, you see it very much in Belgium, and you also see it in France and Germany.»

The benchmarking procedure turns political decisions into pseudo-neutral technical decisions which can be calculated. Perhaps this aspect has made it so popular among national and EU decision makers. Earlier this year Industry Commissioner Martin Bangemann set up a Benchmarking Group, to introduce benchmarking as a leading principle for all EU policies.

There is a real danger that the benchmarking mission may succeed and international competitiveness be institutionalized as the primary criterion for decision-making, thereby consolidating the dominance of neoliberal policies in virtually every field of EU policy-making. To prevent this 'corporate Europe' from becoming a reality, a broad popular movement for a different Europe should challenge the ideological basis of the current Union and reclaim



*Dinosaurs at play, Luxembourg 20.11.97*

*Photo: Josiane Ney, © Photothèque V.d.L.*

the democratic right to shape the future of Europe to its own preferences.

## Towards a Different Europe

The network of EU-critical groups which has emerged from the series of alternative EU summits that started with the 1990 Dublin Alternative Summit and most recently convened at the Amsterdam Alternative Summit (June 1997) forms the logical nucleus of such a broad movement for a different Europe. Until now the network has been very loosely organized, basically dependent on the initiative and strength of national coalitions in organizing alternative meetings during their country's presidency of the Union. This has meant that after the successful June 1997 Alternative Summit in Amsterdam, the movement has had no real opportunities to meet and further develop a common strategy towards a different Europe. If the existing network succeeds to establish structures for

common debate and decision-making, the chances for a different Europe will largely increase.

Such a move towards a different Europe implies a rapid dismantling of the ever-more powerful and a-democratic transnational corporations and financial institutions. This dismantling of corporate dominance can be promoted by relatively simple policy measures that oppose the current corporate push for globalization and instead aim at a relocalization of the economy. Such measures could include introduction of a Tobin tax on international capital transactions, taxes on short-term speculative transactions or measures to end corporate welfare (the state funds cashed by big industry) and to prevent tax competition between states.

Corporate investments could be regulated through 'site here to sell here' and other requirements to be decided upon by affected communities. The urgent rebuilding of local economies could be stimulated by community reinvestment

legislation and direct public investment in sustainable agriculture, public transport for local needs, urban renewal, social services, health care and education.

We only have to remind ourselves and others of the fact that today's footloose and fancy-free corporations as well as the global marketplace in which they operate are neither necessary nor immune to change. There is an alternative for Europe!

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