

# Corporate influence over EU economic policy

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In the past two decades, transnational corporations (TNCs), working both individually and within various lobby groups, have become key actors within the European political arena. European Union policies bear the mark of a disproportionate corporate influence.

This article presents the European Union's *Lisbon Strategy* – »to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion«<sup>1</sup> – as an example of corporate agenda setting at the European Union level. It discusses some of the structural reasons for the excessive corporate influence in Brussels and proposes steps towards a different Europe.

The European Union's *Lisbon Strategy* is the outcome of prolonged lobbying by corporate groupings. These include *UNICE*, the European Employers' Confederation and the *EU Committee of AmCham*, representing the interests of companies headquartered in the US. But it was the European Roundtable of Industrialists (ERT) that played a leading role in putting competitiveness and innovation at the heart of the EU political agenda.

The European Roundtable of Industrialists is a select »club«, bringing together some 45 captains of industry from Europe's largest corporations. ERT membership is not restricted to the European Union. Currently the Roundtable has one Hungarian, one Norwegian, two Swiss and one Turkish member. From Austrian Wolfgang Ruttensstorfer, chief executive of oil company ÖMV is currently a member of the ERT.<sup>2</sup>

The Roundtable has always been well-connected with the European Commission. When Pehr Gyllenhammar (Volvo), Umberto Agnelli (Fiat) and Wisse Dekker (Philips) set up the Roundtable in 1983, two European Commissioners – Etienne Davignon and François-Xavier Ortoli – were closely involved. Later, after they had left the Commission and became part of corporate Europe, both Davignon and Ortoli became members of the Roundtable themselves.

In the 1980s and 1990s, the European Roundtable of Industrialists has played a key role in the formation of the *Single Market*, *Economic and Monetary Union* and *Trans-European Networks*, all intended to facilitate restructuring of industry on a European scale.<sup>3</sup>

## A Corporate Charter for Europe

In December 1993, the ERT published the report *Beating the Crisis: A Charter for Europe's Industrial Future*. In this report, the European Roundtable of Industrialist made recommendations on how to turn round Europe's »fragmented high-cost,

low-growth economy in order to improve its competitive standing with the rest of the world». As the summary of the report on the ERT website says: »The focus is on Competitiveness, with a recommendation that Europe's governments should commit themselves to a Charter for Industry, should set up a European Competitiveness Council, and implement practical policies to put the charter into full effect.«<sup>4</sup>

*Beating the Crisis* was written at the same time when European Commission president Jacques Delors was preparing his *White Paper on Growth, Competitiveness and Employment*. Drafts of both papers were mutually exchanged. At the media launch of the *White Paper*, Jacques Delors thanked the ERT for its support in preparing that policy document. Only a week before, Delors had taken part in the ERT press launch of *Beating the Crisis*.

Unsurprisingly, both documents strongly overlap in their analysis of the main problems facing the European economy, while proposing similar solutions: deregulation, flexible labour markets, transport infrastructure investment and raising competitiveness of European industry.

### Competitiveness Advisory Group

One of the ERT's recommendations in *Beating the Crisis* – to set up a European Competitiveness Council<sup>5</sup> – was acted upon by Jacques Delors' successor Jacques Santer. In February 1995, Commission President Santer appointed a Competitiveness Advisory Group (CAG), with a two-year mandate to produce bi-annual reports »on the state of the Union's competitiveness« and to »advise on economic policy priorities and guidelines with the aim of stimulating competitiveness and reaping its benefits«.

Santer hand-picked the members of the Competitiveness Advisory Group. ERT members featured prominently in this 13 person strong group: Floris Maljers (Unilever), who chaired the first CAG, Percy Barnevik (Asea Brown Boveri), David Simon (British Petroleum) and J. Olilla (Nokia). As the Competitiveness Advisory Group also counted some trade unionists, academicians and politicians, it could be presented as neutral advisory body although the political ideas reflected in the four reports published in 1995 and 1996 were very close to the ERT agenda. As former ERT secretary-general Keith Richardson told me in 1997: »It [the CAG] has done a lot of good work. It has produced four excellent reports [...] We have been closely in touch with them all along«. Richardson was quite content with the presence of trade unionists in the CAG: »the fact that they have signed onto the Competitiveness Advisory Group reports gives them [the reports] extra weight«. In May 1997, Jacques Santer appointed a second Competitiveness Advisory Group with a similar composition and mandate as the first.<sup>6</sup> Shortly after the scandalous demise of the Santer Commission, the second Competitiveness Advisory Group produced a final report, summarizing all previous CAG work.

### The Lisbon Connection

The Competitiveness Advisory group's reports were used as key documents for the European Union leaders' Spring Summit in Lisbon, in March 2000. At the

Lisbon Summit, which was advertised as an Employment Summit, the European Union leaders adopted a corporate, neo-liberal political agenda for the first decade of the new millennium. In order to become »... the most competitive and dynamic knowledge-based economy in the world by 2010«, the EU leaders set themselves aim to raise the EU's employment and productivity beyond that of the US. The proposed policy measures included: liberalisation of energy markets (electricity, gas), flexibilisation of labour markets, encouraging innovation and »entrepreneurship«, »better regulation« (read: business-friendly regulation) at EU level, the introduction of a European patent and the introduction of measures to enable business exploitation of biotechnology.

Yearly Spring (»Competitiveness«) Summits, and »open coordination« mechanisms like benchmarking and peer reviews<sup>7</sup>, are to keep this Lisbon Agenda on track and should ensure that all EU policies are geared towards enhancing European competitiveness.

Not surprisingly, the Lisbon Agenda was applauded by the European Roundtable of Industrialists. In a speech to the Trilateral Commission in Tokyo, in July 2000, Baron Daniel Janssen, Chairman of the ERT Competitiveness Working Group, said that: »The European Round Table of Industrialists and our Competitiveness Working Group were very much involved in the preparation of the [Lisbon Spring] Summit.« Janssen described the neoliberal reforms of EU policies of the past decade, which are now being driven forward by the Lisbon Strategy as the EU's »double revolution«: »On the one hand we are reducing the power of the state and of the public sector in general through privatization and deregulation. [...] On the other we are transferring many of the nation-state's powers to a more modern and internationally-minded structure at European level. European unification is progressing and it helps international businesses like ours.«

### Corporate Springtide

Since the launch of the Lisbon Strategy in 2000, a yearly ritual has developed where corporate lobby groups like UNICE, the European Roundtable of Industrialists, the EU Committee of AmCham, Eurochambres and other corporate lobby groups lament the lack of progress in implementing the Lisbon Agenda. In December 2002, European Employers' Confederation UNICE, released a publication entitled »Lisbon Strategy Status 2003 – time is running out, action needed now«.

According to UNICE: »the European economy is failing to break out of its lethargic state.« Under the heading »Unleash the single market« it writes that: »All too often, myopic national considerations prevent the European markets – be it for public procurement, gas, electricity, transport, telecommunications, postal or financial services – from unfolding their huge potential and thus hurting everybody in the long run.«

### Resisting the Lisbon Agenda

Unfortunately, trade unions and the environmental movement have so far taken a rather positive approach to the Lisbon Agenda, stressing its (underdeveloped) social and environmental dimensions. But each year the predominance of the com-

petitiveness paradigm has become more evident. The narrow economic rationale imposed upon so many EU policies by the Lisbon Strategy is simply incompatible with demands for social protection, good public services and care for the environment.

Shortly before the 2002 Barcelona Spring Summit, the director of the European Environmental Agency, Domingo Jiménez-Beltrán, had predicted optimistically that the Barcelona Summit would be a »historic occasion« that would see green requirements finally integrated into the EC's socio-economic agenda. Not so! A few days afterwards Beltrán had to concede that: »In Barcelona, both environmental information and the situation of the environment were generally ignored and the processes of environmental integration into economic and sectoral policies, sustainable development, and the inclusion of the environmental dimension in the socio-economic agenda of Lisbon seem to have been sidelined.«

The approach of organisations like the European Trade Union Confederation or the European Environmental Bureau – accepting the Lisbon Strategy's focus on competitiveness and trying to make the best out of it by proposing flanking measures – is clearly not working. Fortunately there is a strong political undercurrent opposing the EU's neoliberal competitiveness agenda. In Barcelona, Spanish social movements mobilised about half a million people in what was the biggest-ever EU-critical demonstration, expressing the wide-felt unease over the neoliberal direction of EU policies. This unease urgently needs to be articulated in an inclusive and progressive political agenda for a different Europe. With some optimism, one might say that the first European Social Forum in Florence (November 2002), bringing another half-a-million on the streets was a first step in that direction.

### »Lobbycracy«: What's Wrong?

It is not accidental that the Lisbon Strategy amounts to a corporate charter for Europe. In Brussels, only a few hundred social movements »lobbyists« are defending environmental, labour, social and other general interests. They are being drowned out by an army of thousands of highly remunerated and well-resourced corporate lobbyists. One should never forget that companies often can »earn back« their lobbying »investments«: preventing costly legislation or introducing business-friendly regulations can considerably influence net production costs. Moreover, one set of (harmonised) European rules is often much cheaper for companies than having to cope with different regulatory regimes that are the outcome of national political compromises.

Transnational corporations are also clearly at an advantage in organisational terms when compared to social movements and citizens organisations: TNCs are already organised in centralised pan-European or even global structures, whereas social movements and citizens organisations are strong at the national level – through a shared language, political culture and history and a physical proximity to their membership. Although social movements are increasingly cooperating on a European level, there are few organisations with a true transnational basis.

Finally there is the problem of privileged access and close cooperation between the political and economic elites. In particular the European Commission is often

using business interest groups as European oriented allies in its power struggle with the EU member state governments. Also, in several cases the European Commission has actually invited business to start a lobby, as in the case of the Transatlantic Business Dialogue or the European Services Forum.

### **The EU's Democratic Deficit**

The infamous democratic deficit of the European Union is very prominent on macro-economic and external trade policies, with the Commission and the Council of Ministers being most often effectively unaccountable to citizens. Political discourse in Brussel tends to be rather technocratic and depoliticized. As there are no government-parliamentary opposition dynamics, there often seem to be no real political choices which leads to an absence of true political debate: fertile grounds for public relations and political affairs consultants and other »political entrepreneurs«.

### **Steps towards a Different Europe**

Any strategy towards a different model of economic and political cooperation within Europe and between Europe and the rest of the world needs to address the problem of corporate political power. Such a strategy could contain the following elements:

- *targeting individual companies (if appropriate)*
  - naming and shaming can be combined with fair trade strategies.
- *expose and denounce corporate political power: the Dracula strategy*
  - spotlights on political projects of corporate Europe and on close liaisons between business and EU institutions, e.g. European Services Forum, Transatlantic Business Dialogue;
  - denounce and undermine such projects.
- *close the lobby circus*
  - strict codes of conduct, for lobbyists, politicians and civil servants;
  - strict rules on transparency and accountability.
- *binding rules for transnational corporations*
  - Bring balance into the multilateral system through a binding multilateral code for transnational corporations and strong liability rules
- *improve parliamentary control of EU decision-making*
  - Reinforce the role of both the European Parliament *and* national parliaments in EU policy-making. For the coming decades, national parliaments should provide the basis of legitimacy for EU decisions.
- *full transparency on EU policy-making*
- *stop privatisation: protect and improve public services*

Curbing and in the longer term fully dismantling corporate political power is essential to create the political »space« to start moving towards a different Europe.

As such, addressing the problem of corporate political power should be a priority for the movements for global justice, including a network like ATTAC.

## References

- 1 *Presidency conclusions*, Lisbon European Council, 23–24 March 2000.
- 2 Richard Schenz (ÖMV) was the previous Austrian member of the Roundtable.
- 3 See: Balanyá, Doherty, Hoedeman, Ma'amit, Wesselius, *Konzern Europa*, Rotpunktverlag, Zürich, 2001.
- 4 See: <<http://www.ert.be/pf/enf01.htm>>
- 5 The ERT clearly lent this idea from the US, where president Bush had created a Competitiveness Advisory Council, headed by vice-president Dan Quayle, whose mission was to «reduce the regulatory burden on the economy». See: <<http://bushlibrary.tamu.edu/research/find/foia/1999-0129-F.html>>
- 6 Chaired by former OECD secretary-general Jean-Claude Paye. The second CAG had two ERT members on board: Oscar Fanjul (Repsol) and Marco Tronchetti Provera (Pirelli)
- 7 Such «open coordination» mechanisms had been promoted by the ERT, e.g. in its report *Benchmarking for Policy-makers: The Way to Competitiveness, Growth & Job Creation* (October 1996).