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**BIG BUSINESS AND  
THE EUROPEAN AGENDA**

**Keith Richardson**

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## **BIG BUSINESS AND THE EUROPEAN AGENDA**

### **Reflections on the activities of the European Round Table of Industrialists, 1988-98**

#### **Keith Richardson**

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## Preface

The worlds of practice and of academic commentary remain much too separate. This paper seeks to build a bridge so as to inform both worlds a little more about each other. The European Round Table of Industrialists has been much commented on by academics. In these personal reflections Keith Richardson provides his own insights into a fascinating period in the development of the European business agenda. He draws on his own experience and recollections, and indeed a key interest of this paper is precisely that it meets so much on 'participant observation'. In addition, however, Keith Richardson's commentary owes much to discussions at the Sussex European Institute, where we make a point of confronting inside and outside impressions and analyses of European affairs.

Helen Wallace  
Co-Director  
Sussex European Institute  
August 2000

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## 1. INTRODUCTION

Communications difficulties are among the central problems of the modern age. The world grows ever busier, more interdependent, more interconnected. For every step that is taken there are more different interests to be taken into account, and more conflicting voices clamouring to be heard. And yet there is no more time in the day to listen to them all.

Hence the increasing difficulty for decision-makers to make sense out of all this turmoil, and to ensure that the messages they actually listen to are the ones they most need to hear. And, conversely, it becomes harder for those who seek to exert influence to ensure that their messages are the ones that command attention.

Communications between business and political decision-makers offers one of the more interesting and controversial aspects of this general problem. Why does it matter? How does it work? When does it succeed? Might it sometimes be too successful? This paper seeks to cast light on these broad questions by examining a specific case history, the activities of the ERT — the European Round Table of Industrialists — from 1988 to 1998, while the author served as its Secretary General.

Many observers felt that the ERT was indeed highly successful in what it sought to do. Many critics felt it was too much so and spoke of it as the hidden force guiding the European Union's agenda. Others again, including myself, felt that it fell below its potential and could have contributed more to solving some of the problems of the day. But there was little doubt that the ERT was different, and brought a fresh approach to the challenges posed by the EU's swift but erratic development, its arcane procedures and its own communications difficulties.

This is not intended to be a comprehensive narrative. A draft of such a narrative was written by me at the ERT's request in 1988, to be used for a commemorative brochure. Scholars eager to probe further may wish to try and obtain sight of that draft from the ERT, since it was rather different in approach from the *ERT Highlights* document finally issued in 2000.

But the current paper is meant to be more of an analysis and appraisal. Inevitably it offers a personal viewpoint, not a dispassionate outsider's research effort but not an apologia either, written at more of a distance than the earlier narrative, for a different purpose and, I hope, more balanced in its approach. It owes much to a series of academic discussions at the University of Sussex, where Helen Wallace has consistently encouraged me to explain what it is that those mysterious businessmen actually think they are doing, and to invaluable suggestions and stimulus from Maria Green Cowles, the most discriminating of observers, who asked me "to allow the readers to look at the ERT through your eyes and from your perspective". That is what I have sought to do.

## 2. A BUSINESS AGENDA - THE STORY IN BRIEF

The early years of the ERT are well enough documented (see the short bibliography at the end of this paper). In 1983 a group of industrialists led by Pehr Gyllenhammar of Volvo had set themselves up to respond to the crisis of "Eurosclerosis" and to make a business-driven input into the policy debate. In part they were responding to the question repeatedly posed by two leading European Commissioners, Etienne Davignon and François-Xavier Ortoli: "Who do we talk to when we want to talk to European industry?"

The trouble was that the European economy was floundering and political leaders did not seem to understand why. Business leaders, on the other hand, had clear and (as ever) simple ideas. The European economy was roughly the same size as that of the United States, its stake in world trade was somewhat greater, its basic level of scientific development seemed broadly comparable, and yet it was failing to deliver the results that its people desired for two basic reasons: bad policies and fragmentation. The European Union (to use its later title) did not function as a single economic unit, which was the fundamental advantage of the US, and its economic management was out of date and in many respects counterproductive.

The ERT developed a number of major themes to support these ideas. One was the need for adequate infrastructure links (roads, high speed trains and a Channel Tunnel) between different European countries to match the growth in cross-frontier trade and movement. Another was to build a single internal market where goods, services and capital could flow as freely within the EU as in the US. A third was to tackle the intolerable "black cloud" of unemployment by policy measures to strengthen and dynamise European industry, through freeing up labour markets, raising levels of skills, encouraging entrepreneurship and stimulating an economic growth rich in the creation of new jobs.

None of these ideas was particularly original — why should they have been? But what was new was the pan-European approach coupled with the vigorous personal commitment of the business leaders. Ideas were presented in short and readable papers, notably the *Missing Links* infrastructure report of 1984. Face-to-face meetings were organised with ministers, senior government officials, and members of the European Commission. An Internal Market Support Committee was formed within the ERT and chaired by Wisse Dekker of Philips, who wrote systematically to heads of government before each European Council urging them to support proposals for breaking down trade barriers.

The ERT had made a good start and attracted attention, but after this first impetus it became clear that more was needed. There was dissatisfaction both within and outside the ERT, a feeling that the wealth of talent and ideas that had been mobilised should be achieving something more substantial. Where was the beef? There was uncertainty about goals — was ERT more interested in policies or in projects? Did these great men come together to do anything or only to make statements? Was it just a talking shop? The chairmen and their companies put a great deal of effort, mostly into the various working groups, but how did it all tie together? A secretariat had gradually evolved in Paris but with no visibility in the hot-house of European policy debate in Brussels. There was little continuing recognition from the European press. The ERT had been off to a glittering start. But outside observers were heard to ask whether it was "dead in the water"

After a vigorous internal debate the members took a series of decisions which amounted to a relaunch of the ERT in 1988: to appoint Wisse Dekker as chairman; to set up a professional organisation in Brussels with a proper legal and financial structure and with staff formally employed by the ERT, not seconded from member companies; and to enlarge the membership base through a merger with the *Groupe des Présidents*, thus clearing up a certain ambiguity about who spoke for the big companies of Europe.

Unlike Gyllenhammar, who came from a non-member country, Sweden, Dekker was conspicuously an EU insider. He ran a Dutch company, which had long been deeply involved in the nuts and bolts of European technical regulations, and he had done much to promote the idea of a single European market and make this the most conspicuous of the ERT's activities. The practical approach which he had brought to the Internal Market Steering Committee was now to be deployed more widely, with profound implications for the future of the ERT.

Dekker's four years as chairman brought a steady growth in the ERT's street credibility. The intensive work on Europe's internal market led towards the even bigger theme of monetary union. The infrastructure proposals began to crystallise into an official programme for Trans-European Networks, while social problems and the businessman's inevitable unease about EU social legislation became an active discussion topic. Contacts intensified with the Commission President Jacques Delors and his colleagues. Contacts with governments became more focused on the rotating Presidency of the EU Council of Ministers and took place more and more often at prime minister level. The ERT began to reach outside the EU's boundaries, with a management training initiative in newly liberated Eastern Europe, pressure for a world trade agreement, research into conditions for international investment, and meetings with US and Japanese business leaders.

The feeling of confidence grew, that with rapid progress towards the "1992" internal market programme, the EU was well on its way to solving the old problems. It was time to look further ahead, to build on these results and draw up a "new agenda" for the 1990s. The method chosen was to produce a new type of "mega-report" under the title *Reshaping Europe*, in which the businessmen would try to assess the whole span of challenges facing modern Europe. An intensive work programme was launched. Scores of draft chapters were circulated between the ERT secretariat and company head offices. Every effort was made to mobilise both the expertise of corporate specialists and the specific attitudes and views of members themselves — whose pungent comments in the margins of draft papers were used as focal points for the various themes.

"Social progress cannot be achieved except by economic progress."

"A single market without a single currency is only half the battle."

"Infrastructure is not a cost to be minimised but a benefit to be maximised."

"Europe's principal long-term resource lies in its people...they must be at the centre of any policy agenda."

*Reshaping Europe* had much to say on the details of the "competitive market place" and the infrastructure needed for business efficiency. It emphasised the two-way relationship: "Europe needs its industries...but industry also needs Europe", and it boldly mapped out a comprehensive timetable for Monetary Union at a time when decision makers were still hesitating.

But perhaps its main claims to innovation lay, first, in the overwhelming emphasis placed on the human dimension — education, training and full employment — and, secondly, in a wide-ranging examination of the external agenda, including EU enlargement, world trade and investment, and even foreign and security policy, where industrialists were ahead of most current thinking. One paragraph may give the flavour of their ideas, to which neither the Maastricht nor the Amsterdam Treaties gave an adequate response.

"Industry and the people working in industry expect to live in a secure Europe. They hold their political leaders responsible for making the necessary arrangements and grappling with fundamental problems, not waiting to blunder into crises. They expect their leaders to exercise a proper influence on the world and cannot accept that their Community should be relegated to the margins of international politics."

*Reshaping Europe* was launched on a top-rated French television programme in September 1991, accompanied by enthusiastic comments from Jacques Delors. More than 20,000 copies were distributed. The paper won lavish press coverage and many favourable comments, and its principal author, Jérôme Monod, chairman of Lyonnaise des Eaux, was elected to be the ERT's third chairman. To this office he brought a wide range of experience and contacts from inside the French political and official world, and a deep understanding of how governments think and work, all of which proved to be invaluable, for the mood in Europe changed for the worse almost overnight, with the onset of war in the Balkans, the collapse of the European monetary system, a Danish rejection of the Maastricht Treaty and the blocking of the Uruguay Round world trade talks.

Pessimism reigned again, a feeling of helplessness among political leaders which seemed to go far beyond what was justified by the facts. Was Europe in some danger of losing its way? The ERT sought to make its own contribution by publishing two more general purpose reports, *Rebuilding Confidence* and *Beating the Crisis*, designed to show simple, practical steps that could be taken and so to point a way out of the economic malaise.

The various proposals for raising the efficiency of the European economy were all now brought together under the portmanteau heading of "Competitiveness". ERT staff worked in close liaison with the Commission, ERT ideas were evident in the Delors White Paper on Competitiveness, Growth and Employment, and also in the parallel Action Plan issued by the Brussels European Council in 1993, while the Essen European Council in 1994 formally endorsed the ERT proposal for a high level Competitiveness Advisory Group with powers to lay relevant issues directly before heads of government as well as the President of the Commission.

Competitiveness was and remained the spearhead of ERT activity, but it was all the time flanked by a dozen or more working groups pursuing other topics which members believed to be directly relevant to economic recovery. Reports were published on education, infrastructure, overseas investment, environmental regulation and the new information technologies. ERT members engaged in the debate on the proposed European Company Statute and other social legislation, gave continuing support to Monetary Union, argued for the adoption of international accounting standards, helped to launch the Transatlantic Business Dialogue, pushed hard and in the end successfully for a world trade agreement.

If there was a common theme in all these policy areas, it was that the EU seemed to have no tools for responding adequately to the challenges of a rapidly changing world. In business as in war: industrialists like generals tend to think that almost any decision will be better than endless hesitation and uncertainty. Yet governments seemed more concerned with their own turf battles than with the determined pursuit of their peoples' common interests.

Spurred on by conversations with the German Chancellor Helmut Kohl and the new Commission President Jacques Santer, the ERT decided to join the debate on modernising the EU's decision-making procedures, then being considered by an Inter-Governmental Conference. The industrialists met one government leader after another to urge the need for practical improvements to an inadequate institutional system. The pressure was maintained as Monod was succeeded by the ERT's fourth chairman, Helmut Maucher of Nestlé. The French President Jacques Chirac and the Dutch prime minister Wim Kok (then running the EU presidency) both encouraged the ERT to press and to hope for substantial reforms, but the political climate turned negative, with difficulties in France, Germany and Britain alike, and the industrialists were not the only observers to feel that the Amsterdam Treaty in 1997 fell some way short of what was needed.

In fact the link between solving institutional problems and solving economic problems seemed always more evident to the businessmen than to the politicians, who were becoming obsessed with finding a direct response to Europe's mounting unemployment figures. At this stage the central task for the ERT was to explain that competitiveness and job creation went together — they were not alternatives, as some politicians seemed to believe. The ERT's competitiveness working group, now chaired by Daniel Janssen of Solvay, decided to make another push in this area by putting the emphasis on hard figures rather than abstract ideas, using the concept of "benchmarking" which was already well tried in business management.

The idea was to establish criteria relevant to competitiveness and then publish figures in a regular and systematic way that would encourage each country to try to catch up with the best practice elsewhere, but without dictating the specific policy measures needed. It was the Irish presidency that first grasped the political attraction to member states, that here was a tool that would help them to work together towards common goals without jeopardising their freedom to take their own decisions in the light of their own circumstances, and benchmarking rapidly found its way on to the Council of Ministers agenda.

An ERT-Commission seminar on *Benchmarking for Competitiveness* brought together real-life examples from business and government and helped to convince doubters that this was more than simply number-crunching, it was a communications tool of enormous value, designed to encourage business managers or political leaders to solve problems in their own way but not to be content with second best. Benchmarking passed into the main stream of EU thinking, and ERT pressure may have helped to ensure that the jobs summit of 1997 adopted a benchmarking approach, geared to such topics as entrepreneurship, skills and innovation, rather than a renewed round of social regulations as had at one stage seemed likely.

Also directly relevant to the unemployment debate was another ERT study on how to encourage job creation among small and medium sized companies, stressing the potential for cooperation and arguing against any notion that large and small companies had opposing interests. This work may also have helped to stimulate government action, to simplify the burden of regulations which lay so heavily on smaller companies and to encourage the supply of venture capital that would help them to pay for expansion and job creation.

By 1998 the EU's policy mix was far more relevant to practical business needs than it had been previously. Unemployment figures had passed their peak, the economy was turning upwards and a sustained rise in stock-markets revealed the new sense of optimism. Had the ERT made a significant contribution? Certainly it had now established itself, in the eyes of governments, officials and other business interests, as a legitimate player, thoughtful and articulate, in the complex dialogue that underlies EU policy-making. Some aspects of how this was done now fall to be considered before attempting to evaluate the overall success.

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### 3. WHO? WHY? WHAT? - THE MEMBERS & THE ISSUES

The ERT was its members. They were what made it special. They were between forty and fifty in number — a ceiling was imposed after the first phase of expansion — and all were chairmen or chief executives of leading European companies. In other words they were top decision-makers in their own right, collectively responsible for millions of jobs and for huge investments in Europe and the rest of the world.

But membership was personal and not corporate. Personal commitment was expected. No substitutes were allowed at the six monthly Plenary Sessions, where two-thirds of the membership normally turned up, a very high ratio for meetings at that level. Personal membership meant that the ERT was a club even more than it was a policies group, and no issue was ever so important or so carefully discussed as the election of new members.

They were not simply the heads of Europe's fifty biggest companies, for efforts were made to ensure balanced representation from every major business sector and country. Certainly their companies had to be substantial, which in this context normally meant sales worth many billions of euros, international in their interests and of solid reputation, but the ERT looked equally hard at the standing of the individual businessman in his own country and his own industry. Was he personally respected? Would he personally contribute to the debates? Would he spread ERT messages back among his own national politicians and other business groups and would he command attention when he did so? And in the end, as with any club, what finally mattered was, "Do we know him?" Nobody was considered except on a personal recommendation from an existing member.

Again as with any club, the ERT in a sense defined itself by who was not a member.

There were no banks, insurance companies or airlines, for example. Individual members might chair or control banks or suchlike, but that was not why they were members. The concept of "industrialist" was all important. That defined their common interest. The ERT's home territory lay in motor cars, steel, engineering, electronics, chemicals and services on an industrial scale. They were for the most part manufacturers, with a self-image of smoky chimneys and massive labour forces, even though there was always room for flexibility at the boundaries of such a definition.

Sadly there were no women. The reasons why women do not yet number among the heads of major European multinationals may be freely discussed but such is the case. Attempts were made from time to time to identify a suitable woman candidate and there is every reason to believe that she would have been welcomed with enthusiasm.

During this period there were no east Europeans from the former Soviet bloc, even though the ERT was in principle open to the whole of Europe and never limited to EU members. Again the attempt was often made, but nobody who could meet the criteria of size, international activities and a genuine business outlook was identified. On the other hand the flourishing and internationally-minded Turkish business community was represented.

There were no heads of small companies. ERT was a club of giants.

Interestingly there were no Americans or other non-Europeans. From time to time the argument was heard that the head of a large US multinational's European operations was running a business as big as many ERT members and making a major contribution to the European economy. Yet the answer always came that such a man, however well known and respected, was only a divisional head, not a bearer of global business responsibility. If he sat at that table he would not be sitting as an equal, he could not commit his company, his loyalties would be elsewhere.

This concept, of sitting down as equals, was paramount. There were no subordinates. The definition had to be flexible, for company structures are not the same across Europe, and job titles do not always disclose real power. But an ERT member spoke for his company and did not have to look over his shoulders for instructions. That was their common bond.

Where was the variety among the members? As businessmen they were all conscious of who ran the really big giants, with fifty billion euro or more of business a year, and who were the "small giants" at a tenth that size. Who operated world-wide and whose outlook was more restricted to his home country base? Who was in the newest of new technologies? Whose shares were rising? Who was up and about doing deals and who spent his time minding the shop? Who were the professional managers, who had spent their lives toiling up the corporate ladder rung by rung, and who were the wealthy entrepreneurs who had built (or inherited or married) their own companies? Who were the EU insiders and who were not — the Norwegian, Swiss or Turkish industrialists for whom the ERT provided an invaluable link into a decision-making process in which their own governments did not directly participate?

But beyond these business criteria they were also a group of human beings with the usual mix to be found in any group — the forceful and the reticent, leaders and followers, articulate and awkward. Ages ranged mainly from mid-forties to mid-sixties. There were those who were culturally aware, liberal-minded, fluent in many languages, others who were less so. English was the normal working language but even at the formal Plenary Sessions there were usually one or two who preferred to express themselves in French.

Perhaps some more general comments might usefully be made here about top businessmen as a class, since I have dealt with them for most of my working life. Chairmen of big companies do tend to see themselves as a group apart. They are conscious of their own success in reaching such a position. They believe that they make a major contribution to the economic life of their own countries and expect to be taken seriously and treated accordingly. They have a strong feeling of responsibility for people, jobs, money and investments. But they are also all the time aware of the sheer precariousness of business life, the vulnerability of even the biggest companies to the pressures of competition and the swings of economic forces, the difficult decisions that often have to be taken and the even greater difficulties of implementing their decisions in the real world. Certainly they tend to be highly intelligent, some exceptionally so, for big business is a complex matter. But it is an intelligence sharply focused, not on words and analysis, but on clarifying issues, choosing priorities, taking decisions, overcoming obstacles, making things happen, motivating other people to work effectively. They are, on the whole, strong-minded individuals who have worked out their own route to the top and their own way of doing a difficult job.

One ERT member said, "This is a club of prima donnas — it's a miracle that it works at all".

So why did they come together and give so much of their own time, which is the top businessman's scarcest resource? Certainly they enjoyed the club aspect. Where else could they meet leaders from other industries and other countries in such a congenial atmosphere? Crossing national, cultural and language boundaries to think always in pan-European terms was one fundamental difference between the ERT and any of the one-nation business clubs which proliferate in Europe and the US.

When they came together at the six-monthly Plenary Sessions great care was taken to maximise these rewards of club membership for a minimum commitment of time. Typically they would gather on a Sunday evening for dinner hosted by one of the members, held perhaps in some rather special place — a museum in Berlin, an opera house in Milan, or even a royal palace in London — to hear remarks from a prime minister or other dignitary.

There was ample opportunity for informal and private conversations in the wings — who could measure how many deals first took shape at an ERT meeting? The official business of formal policy debates was compressed into four hours on Monday morning, and after a swift buffet lunch they were gone, wiser and better-informed than when they arrived — or so it was hoped.

This aspect of self-education must be emphasised. It is only too easy for a top businessman to become wholly locked into the difficulties of running his company to the point where he has no time to learn about the external environment, and not enough patience to listen to comments from outsiders. But what he cannot ignore are the remarks made face to face by people of his own kind and at his own level, members of his own special club, who bring in radically different perspectives on social or political issues, and from their own experience tell him things he simply did not know.

ERT members valued this and said so. There was a remarkably wide span of views and attitudes. Members did indeed characterise one another in blunt terms. To his colleagues this man was "nothing but a socialist" while that one was "somewhere to the right of Genghis Khan". One was suspected of being a crypto-protectionist, not able to handle global competition, another of "always cooking his own soup", and a third of simply talking too much.

Debates were brisk, often lively and sometimes heated, but arguments were generally based on practical knowledge. Each member was there to spell out what things were really like in "my" country or "my" industry, this is what "my" prime minister told me yesterday, this is why "my" investments in country X are going well or badly. Hence different views commanded attention, and if members went home more aware of the world and its problems, and more enlightened in their opinions, that could well be held to justify the whole process.

But there had to be more to it than that. As I felt it necessary to say from time to time, they were not here just to amuse themselves, there was work to be done. What was it that they really wanted from the ERT? It is here that we come to the fundamental issue of communications between business and governments.

When I worked as Head of Group Public Affairs for a very large multinational company in London, I used to explain my function in the following terms. The job of business is to create wealth, measured by the prices that customers will pay compared with the costs of resources consumed, and to channel rewards to labour, capital and management for the risks and effort involved. But the businessman is not free to do this as he thinks best, he has to operate within a framework of rules and pressures which determine what he can and cannot do.

The public affairs role is to mediate between the business and this external framework, to transmit ideas, information and advice in both directions, and thus support the interests of the business concerned. This includes learning about the rule-makers and their plans, and arguing for or against possible changes in the rules or in business behaviour. Within a company such arguments had to be deployed in detail in order to demonstrate to sceptics that this work was of real cash value to the business and thus justified a budget. Public affairs in my interpretation was a professionally managed and serious component of company strategy, never a luxury.

But of course the business interests involved are very complex and not always consistent even within a single company. How much more difficult to do such a job, even to define the goals, across a group of companies spanning different countries and different industries, which was where the ERT took its stance.

Put in the most general terms, the mission of the ERT was to strengthen the European economy. Therein lay the cash value to its members. Clearly if Europe was stronger and more prosperous then, other things being equal, this would bring direct benefits to companies operating in Europe as well as to the rest of society. Such work had a direct justification in business terms, even though members undoubtedly believed that what they were doing was also for the public good. Results mattered, and the ERT was never there to do research for its own sake.

But to justify the time and effort involved the ERT had to be effective. This meant that it had to be able to identify policy issues where it could demonstrate that the interests of European business in general could be broadly reconciled with the interests of the European public, as perceived by political decision makers. Yes, the ERT was there to spell out what European business needed in order to do its job of wealth creation effectively, but it had to say more, it had to convince politicians that these measures were in the interests of their voters too.

Moreover, the ERT had to demonstrate to its members that it was providing a service that nobody else could deliver. In the jargon, there had to be a unique selling proposition. For there already existed many other means of communication between the business community and the European decision-makers. There are hundred of company managers based in Brussels with a communications responsibility, there are industrial federations representing particular sectors like chemicals or steel, and national federations representing German or British interests, there are professional lobbyists and legal firms and there are thousands of "visiting firemen" who jet into Brussels regularly to renew their contacts and make their points heard. And at the heart of them all stands UNICE, universally accepted as the "official voice of European business", based on a formal structure of national confederations of business organisations.

Of all of these it may be said that they are more likely to be heard when they have something specific to say. Communications in Brussels are relatively open, and busy Commission officials, like those in most member states, will find time to listen to a company or federation expert who actually knows about the practical details of manufacturing procedures or trade regulations. But this is much harder to do on more general issues, where arguments are more difficult to marshal and need to be deployed at a higher level, in other words talking to more senior people who by definition have much less time available for listening. Here is the endemic problem facing UNICE, as a federation of confederations. The very committee structure that enables it to speak with great authority on specifics makes it harder to be crisp, pungent and forceful on broader issues.

Here lay the opportunity and indeed the need for the ERT. It would *only* handle the very big issues, those of overwhelming importance to the European economy as a whole. And it would overcome the communications problem by *only* dealing at a very high level, talking to senior people in the kind of language that senior people would find time for. In this sense it becomes possible to restate the reasons why members joined and supported the ERT: it was because they identified issues which mattered to all of them on a European level, they identified their common interests, formulated the central arguments, and debated these with top political decision-makers. It gave them access. It provided a way through the communications morass.

The two aspects go together. The broad topics were the only ones worth talking about at the high level. But the high level was the only way to communicate such broad ideas. The ERT might be mocked (or envied) for only operating in the stratosphere. But that was the one place where nobody else was so much at home.

But what exactly did they want to talk about? To make some impact the choice of issues was absolutely crucial. The business mind, like the military mind (I have always found this an instructive parallel), is above all a tool for simplifying complex scenarios and reducing them to their absolute essentials. Hence there was always a dominant view at the top of the ERT that the whole business-political agenda could be stripped down to four or five fundamental issues and the rest set aside. Members' opinions were canvassed from time to time, sometimes even by formal questionnaire. They invariably agreed with this basic concept. Unfortunately they all produced different lists of top issues, which necessitated some selection process.

In principle decisions were taken by the members themselves, meeting in Plenary Session every six months. Since the Plenary hated spending its precious time on procedural questions, the agenda was prepared in detail by the elected Steering Committee and presented by the Chairman, who naturally had his own views about the elusive priority issues. Yet interestingly enough the Plenary was never a rubber stamp. Again and again it would reject some issue out of hand and pick up another with unexpected enthusiasm.

Some issues effectively chose themselves. The internal market and transport infrastructure were concrete issues where businessmen could see every day the practical problems and additional costs caused by a fragmented and disorganised Europe. They could spell these out in detail and discuss them with total authority. They were ERT naturals. Indeed in a sense they were the same issue, they were both about the freedom to cross frontiers. Interestingly, both topics were dropped from the agenda once the issue of principle had been carried, since the ERT never saw its role as following up the detailed implications which other people could safely take care of. But the internal market remained the issue that best defined the ERT's driving spirit and its members' yearning desire to shake off the barriers imposed by governments.

The whole complex area of European competitiveness and its impact on economic growth and job creation was also a natural, which the ERT approached in several different ways. One aspect was purely defensive, against the tide of what members saw as pernicious social legislation. They felt driven to argue that the entrenchment of workers' rights within companies would inhibit change, reduce business efficiency and therefore militate against long term employment prospects. But they had to offer an alternative: this was a set of competitiveness policies to ensure sustained economic growth, while more flexible labour markets coupled with a more systematic approach to education and training would turn growth into maximum job creation.

Jacques Delors was supposed to have said that if only every small company would take on one extra worker the unemployment problem would be solved at a stroke, to which the ERT replied that while costs and regulatory burdens remained in place small companies would do anything rather than take on extra labour. Policies to encourage innovation and the rapid application of new technology, to encourage small businesses and the all-important concept of "entrepreneurship", and to encourage the application of benchmarking in the public sector — all these fell naturally into the ERT mainstream.

Some areas were more contested. The work on education was supported by most members, who saw it as the absolute foundation of future economic success, but not by all of them. In fact it was driven largely by the passionate commitment of Kari Kairamo from Nokia and François Cornélias of Petrofina. A programme for exchanging young managers between companies, and taking them on occasional training seminars, was regularly criticised by some members, who preferred their own training schemes, perhaps ignoring the positive reactions of the young managers concerned, who enjoyed the contact with other corporate cultures so different from their own.

Work on monetary union was seen by most members as an essential development of the single market, but there were a few who hesitated to endorse a programme which their political leaders kept telling them had little chance of success. Proposals to work on defence procurement, nuclear power safety or security of energy supplies were turned down as being too specific for the ERT. It was strongly felt that the ERT should not handle sectoral or technical issues. Yet the apparently esoteric subject of international accounting standards won enthusiastic support as soon as it was raised, for here was an issue that affected chairmen directly in two of their chief personal responsibilities, the approval of accounts and the raising of capital for the expansion of their businesses.

In reality, despite the constant pressure to identify the handful of basic issues, there were usually more than a dozen topics being actively pursued by the ERT at any one time, perhaps half of which would be somewhere on the way towards the preparation of a printed report. In every case there had to be a broad consensus of members, in agreement not necessarily with every recommendation but at least with the broad thrust of a paper.

What was also needed was the strong commitment of at least one member who would push the work forward. Inevitably members' priorities reflected company interests at least to some extent. It was not surprising that B.A.T Industries should concern itself with tax, Nestlé with international investment, ABB with enlargement into eastern Europe, Philips with the internal market or Fiat with transport infrastructure. But to make it run in ERT terms they always had to convince their colleagues that the issue was right and that the approach was sound. As Umberto Agnelli of Fiat put it, some ERT members produce infrastructure equipment, but all of them use it and all of them need the improvements that ERT proposes.

Without extending the catalogue, some general features of this activity can be highlighted. In every case the issue had to be one of interest to European industry at large. It had to be possible to demonstrate that the issue was directly relevant to business efficiency, and therefore to Europe's economic prospects, and that businessmen could speak from their own knowledge. Outside research bodies were rarely involved, and only peripherally. The ERT objective was to express the view of members about what they needed to run their businesses, and they did not need outside researchers to tell them what that was.

In every case the ERT messages tended to be simple ones. Members wanted a more European rather than a national approach. Where appropriate, as in accounting standards or electronic commerce, they wanted a global rather than a purely European approach. They wanted policies that would be valid over the long term, to match the time span of industrial investment. Indeed one of the self-defining characteristics of the ERT would be its penchant for long-term thinking as contrasted with the short-termism which members attributed to governments.

In this sense there was a natural affinity with the European Commission in its endless battle with the supposedly short-term and narrowly conceived interests of member states, although not, of course, with the Commission's own predisposition towards over-regulation. For certainly the ERT members believed in and spoke up for the free market economy, and for the interests of the biggest players within that free market. It could be argued that they did so in an enlightened way. They never believed that old-fashioned conservatism could be an appropriate tool for addressing the swift-moving challenges of global business, while the spread of interests and political backgrounds always guarded the ERT from promulgating any excessively right-wing views.

They had no difficulty, for example, in meeting the environmental issue half way. They accepted the reality of global warning and the need to limit pollution — but they also believed this could best be done by a businesslike approach based on the strict comparison of measurable costs and benefits, and by the use of industrial know-how rather than regulations to overcome the complex technical problems. Similarly they had no difficulty with the argument that international investment had to be justified in terms of the benefits it brought to the host country as well as to the corporate balance sheet - but they believed that they could do precisely that.

It could be argued that there was not much originality in some of these messages. That seems not only true but inevitably so. The laws of economics and the principles of business management are hardly unknown territory. Members even sometimes expressed embarrassment that they were doing no more than repeating obvious principles to which nobody could reasonably object — rather like proclaiming the sanctity of "motherhood and apple pie". Others would then point out that what seemed obvious to businessmen might well look quite different to other people, and in any case the common experience of advertising is that only a constantly repeated message will ever attract attention.

One might sum up by saying that ERT members were not seeking to put forward radical new solutions to the unemployment or any other crisis so much as urging decision-makers to focus their efforts on these urgent issues and on perfectly well-known solutions which had not yet been properly tried. It was above all in this sense, as an "agenda-setting" organisation, that the ERT most liked to see itself. Focus was what mattered, and perhaps the true originality lay more in the how than in the why and the what.

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#### 4. HOW? — THE SECRETARIAT & THE WORKING GROUPS

It was a serious risk that I took in May 1988, staking my career and professional reputation, when I left one of the best communications jobs in London for the uncertainties of Brussels and the ERT.

Among the ideas that emerged from the ERT's early debates one had already crossed the desk where I worked as Head of Group Public Affairs for the large and successful multinational company B.A.T Industries. My chairman Pat Sheehy and I shared the conviction that "Europe" in some shape or form was the way ahead. Building the single European market was by far the most urgent issue from a business point of view, and Sheehy joined the ERT through its most active working group, Wisse Dekker's Internal Market Steering Committee. We became deeply involved in this work, which seemed both purposeful and well organised, and when Dekker was elected to take over the ERT chairmanship from Gyllenhammar in 1988, and let it be known that he wanted to appoint a full-time Secretary General, I took a deep breath and put my name forward.

The potential was clearly there, and Dekker was determined to realise it. So the risk seemed worth taking, not least because of the very precise match between the challenge of the ERT and what I brought with me, a lifetime's experience in the communications business, a career spent entirely on the interfaces between business, politics and the press. Others may know those lush valleys better than I do, but few have spent more time trekking over the rugged mountain tops that separate them and form such effective barriers to communications.

This experience, which is relevant because it determined how I went about my job, may be summed up: a journalist on two of London's leading newspapers, as industrial, financial and then European correspondent; a middle ranking production manager for one big company and a senior manager responsible for press, political and financial communications at another; a political activist once formally adopted for a safe Parliamentary seat; and an elected trade union official within the redoubtable National Union of Journalists. The combined experience of European and national politics, business and the press did not make my job easy, but at least it meant that I knew how difficult it was.

As for personal motivation, it can be best summed up in a phrase of Peter Sutherland's: "the building of Europe is a noble venture". To people of my generation, who lived through the war and can remember the bombs falling a few yards away while their fathers were fighting on some remote front line, there is some satisfaction in trying to help ensure that it never happens again. Others had started the unification process in Europe, but to this day it still has to be made to work properly and to convince its citizens that it can deliver what they need. The building of Europe is a great and enduring task, likely to take many generations, but every contribution helps. I accepted the financial sacrifice and loss of job security, and packed my bags for a city which I knew and was fond of. After all, if the ERT could be made to succeed it promised to be utterly fascinating.

The relaunch was total, it had to be started again from scratch. There was nobody for me to take over from, no set of guidelines to follow, it was in my hands to work out what to do and how to go about it, and to learn from my own mistakes.

In reality there were always two jobs to be done. The obvious one was to manage the issues and communicate them effectively. But what came first was to manage the shop. The ERT had to be credible in the eyes of its own members. The base had to be absolutely rock-solid, for I knew of too many valuable policy organisations in both London and Brussels which had stumbled by the wayside not through any poverty of ideas but from simple mismanagement. And I was working for men who might know relatively little about politics or communications but who knew all there was to know about management. This had to be got right.

The members were the top priority. If they could be satisfied then other good people would want to join, continuity would be assured, and everything else would be possible. The ultimate test, as far as I could see, was that members must turn up at Plenary Sessions. They must enjoy them, feel they had done useful work and learned something, and the arrangements had to be impeccable. Of course the Plenary agenda was in the hands of the Steering Committee and the organisation on the spot was the responsibility of the host. As a servant of the ERT my job was to prepare, help, guide and encourage. But nothing took up more of my attention during the year.

My own notion of management, learned the hard way in North of England engineering workshops, is one of total responsibility for success or failure. A manager is somebody who has nobody to blame but himself. Not only had nothing to go wrong, but businessmen who spend half their lives at top-level meetings had still to see the ERT Plenary as something exceptional, deserving their special attention. Host companies, Steering Committees and Chairmen all had to be cajoled to this end until everything possible had been done.

One or two practical details may be mentioned by way of illustration. Both dates and hosts for Plenaries were booked two full years in advance to make sure of finding a place in crowded diaries. Great pains were taken to keep the dates and locations confidential to avoid unwelcome interruptions. Papers were crisply written and laid out spaciouly in a large type-face so that they could easily be read at the very last minute by elderly gentlemen in a hurry. Members were properly welcomed at the airport, and where possible they stepped through the front door of the hotel to be greeted by name by a hotel manager with their room keys ready in her hand. Such things may seem trivial, but they are precisely what is needed to put such men, who as a class may be regarded as somewhat prone to impatience and irritability, in a positive frame of mind.

Members had also to be looked after between the Plenaries, and I here drew on an important lesson from my own experience. External communications are the main objective in this kind of work, but internal communications are what trips you up. They are the most difficult and the most hazardous. If you cannot get them right everything else will be wasted.

The real cement of the ERT lay in an internal communications network which reached out to every member twice over, both directly and also indirectly by way of an "associate", a senior manager nominated by his chairman with responsibility for ERT liaison. Some of these associates gave a great deal of time to the ERT and made a substantial intellectual contribution to its work. Some even had to be restrained from confusing their role with that of their members and trying to take on too much responsibility.

The main communications tool was the automated fax machine, which was rapid and highly effective. A message could leave my desk in an evening and be sitting on forty-five chairmen's desks, and on those of their associates, first thing the following morning. Electronic mail was not so much used, and its anonymity seemed undesirable. I wanted members to receive messages that would stand out from the heap, under a distinctive letterhead (the silver disc which was adopted as logo early on) and over my own distinctive signature. Messages from the ERT had to be as instantaneously recognisable as the wrappers on one of the members' chocolate bars.

In practice it was the associates who mostly read and replied to these messages during the year, taking such guidance from the chairmen as they needed. They attended many of the working group meetings, and they came together as a group twice a year to prepare for the Plenary, to ascertain what issues on a crowded agenda would most directly concern their members and to indicate what line they thought their members would probably take — invaluable guidance which I was able to feed back to the ERT chairman so as to guard him against surprises.

Internal communications at both member and associate level were crucial to the ERT's success, and they took up inordinate amounts of time. Beneath them had to be a spartan but professional organisation. Another goal that I set from the very start was that we must never get into financial difficulties. Dekker had persuaded members to agree an adequate annual fee on the understanding that that would be all and that accounts would in future be properly audited. In reality when we began in Brussels there was not a penny in the kitty, and my deputy, whom I actually appointed before my own arrival, had to begin by lending her own money to the ERT to get a bank account going.

When I did arrive I issued my first directive, that absolutely no bills were to be paid, not even good ones, until the financial situation had become clearer. After a while the first fees came in and the state of siege could be eased, but cash management remained a priority. Virtually every year I contrived to spend slightly less than what came in — rather less than two million euros a year — until I had built up a reserve equal to a year's expenditure. The reserve was useful to allow for a sudden surge in spending or provide against a decline in membership. And it was vital as insurance for if the ERT suddenly shut down, as might have happened at any time, and responsibility lay with me for paying off the staff.

The staff was small enough, with a head-count of eight including receptionist, secretaries, junior managers, a deputy and myself. They were mostly Belgian, which means fluent in languages and European in outlook. Yet even at this level the size of the staff was under constant criticism from members. Chairmen generally do not need support staff, apart from a secretary or two, because everything else is done for them, whereas we had to do it all ourselves. But I was always under pressure to justify the numbers, which I sought to offset partly by the quality of the service provided, and partly by avoiding any conspicuous extravagance in our life-style. Others might have put on a show, I wanted ERT offices to surprise by their modesty.

All this took some time to develop until I felt we had a satisfactory base in the secretariat. But we were in the communications business right from the start and had to be up and running, managing the issues. What was the problem? I knew how difficult communications were in Europe, with all the language and cultural barriers and the complexity of decision-making. I also knew how poorly business generally managed its communications. Somehow we had to find a new way of doing things. We had to break the mould — that was the challenge.

Choosing the issues was largely out of my hands. They largely chose themselves, as already mentioned, either because of current events or because of the enthusiasm of one or more members. What I could do was to manoeuvre on the margins. I could rally support for one initiative by gauging its feasibility and the degree of enthusiasm among members. I could warn of the practical or political difficulties that would confront another. Not much more than that.

But what messages we would give, that was another matter altogether. Ministers and senior officials tend to have some contempt for most of the messages they receive on broad policy issues from the business world, regarding them as badly written, oversimplified and hopelessly out of touch with political realities. I was determined that they would not see the ERT's output in those terms.

The fundamental requirement was that ERT messages must be acceptable, otherwise we were wasting our time. There is an issue of principle here. The most important (and difficult) part of any negotiation is to listen — to find out what the other party wants — to adapt your own arguments until they find a ready audience. There is also a question of technique, to ensure that your arguments are well-marshalled, convincing because they are intellectually coherent and backed by hard evidence and personal experience, and presented in a way that hits home.

This suggests a logical approach, which can be applied to any communications task.

1. What is the target — who is it that we want to reach?
2. What is the delivery system — how can we best reach them?
3. What are the messages — how do we most effectively formulate our ideas?

Note that it is the sequence which matters here, and is slightly counter-intuitive — not starting with a list of demands, but choosing and organising messages so as to fit a means of delivery, which is itself selected to reach an identified target audience. All of which comes rather more naturally to the lively minds involved in running non-governmental organisations and active pressure groups than to the average businessman.

For the ERT the prime target was always the top political decision-makers and the best method was face-to-face discussion, the value of which outweighs everything else. The most important events were the meetings with the President of the European Commission, whether on his own or with a few colleagues, and with heads of government, especially those holding the current Presidency of the EU. Sometimes it was a small ERT delegation that paid the visit (a few members plus the Chairman's associate and myself). Sometimes an invited political leader would speak at a Plenary dinner, which provided an opportunity for questions and answers as well as the informal discussion round the dining table.

What was said? In principle such meetings were confidential, in practice the content was fairly obvious. What mattered was preparation. Where possible the ERT team went armed with an agenda that had been negotiated beforehand — points that the President wanted to hear about, balanced against the ERT's own current priorities. Speaking notes would be prepared and might be sent in advance so that the President could prepare his response. Close liaison between the ERT secretariat and the President's cabinet or other senior advisers was essential, and took up a great deal of time, but somehow the interests of the two sides had to be matched and surprises avoided.

Jacques Delors, for example, wanted to hear about his treasured internal market programme. He wanted businessmen to indicate their priorities and to provide arguments to be used against recalcitrant governments. Jacques Santer needed encouragement and ideas that would help to lift the EU out of its economic malaise. Most prime ministers wanted the opportunity to present their own vision of Europe to senior industrialists, but they asked questions and listened too.

Felipe González talked about prospects for investment in Spain, Ingvar Carlsson about prospects for Swedish membership of the EU. Ruud Lubbers gave an update on negotiations for the Maastricht Treaty and Wim Kok did the same for Amsterdam. Helmut Kohl was noticeably more receptive to business talk about competitiveness at his second ERT meeting, because of his growing concern about unemployment and under-investment in German industry. Jean-Claude Juncker quizzed his visitors aggressively about employment policies and the dangers of uncontrolled deregulation, but went on to incorporate ERT ideas about job creation in the Luxembourg employment summit which he chaired two months later.

Most significant of all, perhaps, was the meeting with the French Prime Minister Edouard Balladur in September 1993, when the Uruguay Round world trade talks seemed dead-locked. In a sense there was nothing new to say, and yet fourteen ERT members from eight different countries spoke about the importance of the round and the serious consequences of failure, and they did so in terms more forceful than he would ever have heard from his own officials or even from French businessmen. Was this the turning point? France was arguably the decisive player and, contrary to all expectations, a deal was in fact signed just three months later.

In general the French leaders were more receptive than any to ERT contacts — or perhaps the ERT's French members were more persuasive. During the decade the ERT was invited to meet five successive French prime ministers and two presidents. But most countries were fairly open, and the heads of government holding the EU Presidency were usually accessible. Only the British were strangely reluctant, and despite several requests by British members, and despite friendly letters echoing broad agreement on policy priorities, the doors of 10 Downing Street never opened to the ERT.

At this level time is precious. These direct meetings were always rare events, but they opened the way to the second delivery mechanism, the letter to summit meetings. When EU leaders gathered every six months or so they became accustomed to receiving letters addressed to each of them personally, asking them to pursue some specific objective, whether job creation or trade agreements or whatever. The essence of such a document lies in its brevity and topicality, so that the leaders will read it and can see its relevance to the meeting in hand. One of the most succinct ERT letters was that composed at the Madrid Plenary in November 1995, which in a single page called on each head of state or government to use his very best efforts to achieve five goals, including:

- an unwavering commitment to launch Monetary Union on 1 January 1999, without any weakening of the Maastricht criteria;
- a mandate to the Inter-Governmental Conference to establish more rapid and effective decision-making with a minimum use of unanimous voting;
- a renewed drive for competitiveness and employment, benchmarking Europe's performance against the best in the world.

The EU summit meeting, held also in Madrid a month later, delivered exactly what had been asked for on Monetary Union. The other policies moved in the right direction but took rather longer to work through the system.

Behind this formal contact programme lay a host of informal contacts, with decision-makers and with all those other people who help to influence decision-making. The nature of a chairman's work is that he has to keep on talking about company business to the outside world — to national governments and officials, to his own Brussels contacts, to business associates, to investors and the press. If the ERT arguments are relevant he can use them to add weight to his case and he can emphasise that his remarks are backed by the weight of forty of Europe's biggest companies. Most of these private gatherings happened without any of my involvement, but I was sometimes invited, to add a few words at the right moment, and knew about others, when the ERT chairman was invited to make a speech or when groups of members took a collective initiative (the French were good at this too).

In such an event a chairman can draw support from ERT work, so helping to justify his membership, but is at the same time adding to the reputation of the ERT, especially if he circulates some of its papers at the same time. Here one can see the cumulative effect, which was always strong in my mind. The ERT meets a prime minister, who tends to nod polite agreement. But afterwards he asks his own advisers who those people were and what they were worth. The advisers speak to their own contacts, in business and government. If the read-back is favourable it adds immensely to the value of the high-level meeting.

It is naive to imagine that single discussions or papers, however well argued, will turn policy round. That is not how things happen. The overriding goal is to deploy valid arguments based on practical experience, and then by constant repetition to build up a climate of opinion, inside member states as well as in the Brussels institutions, in favour of some very general thesis, for example that a single market will strengthen Europe's economy, that free trade is better than protectionism despite the problems it brings, or that creating new jobs is better than protecting old jobs as a way to fight unemployment.

In this way you build a reputation, people start to take you and your ideas seriously, and then you find that ministers themselves turn and ask you for your advice, because they face pressure every day from trades unions and protectionists and anti-business groups in general. Ministers and Commissioners want to hear countervailing arguments, they need to feel the pressure from business, and on European matters the high-level voice that counted was increasingly the ERT.

When, for example, the ERT's *Beating the Crisis* report proposed that governments should establish a European Competitiveness Council with a mandate "to keep competitiveness at the top of the policy agenda", the idea roused interest and controversy and Helmut Kohl wrote personally to the ERT to say that he was always pleased to hear from industry but this proposal was not acceptable. His criticisms were studied, the idea was modified and repackaged under the new title of Competitiveness Advisory Group, and Jacques Delors persuaded the Essen European Council in December 1994 to adopt it, specifically quoting the ERT in its support. The group was set up, chaired by the future Italian President Carlo Ciampi and with a significant ERT membership, and nobody could question that the whole notion of European competitiveness on which Delors and the ERT had both been pushing so hard became from then on a fixed point of reference for the EU leaders.

This whole orchestrated programme of contacts and letters was largely carried out in private on a more or less confidential basis and reached a select but small target audience. What the wider public saw was the printed reports. Gyllenhammar's *Missing Links* had set a high standard from the start, which it was my duty to maintain. Yet to my mind a report is only a set of words on paper unless it is conceived, designed and used for a clearly defined purpose.

Part of the aim was to reach a wider audience. The ERT's education reports, for example, were enthusiastically acclaimed by the Commission, whose influence on education policy is strictly limited. But the fact that a paper such as *Education for Europeans — Towards the Learning Society* was distributed to more than 30,000 people in or connected with the education world, giving them a clear message about the need for a more rounded education that would help children to develop flexible and enquiring minds and to keep on learning through life, all related to the needs and problems of a rapidly changing modern world and the prospects of future employability, can hardly have failed to have some influence on the general debate about educational reform which is now taking place in every country in Europe. The Prince of Wales, for example, lavishly praised this emphasis on education when he met the ERT in 1996.

A report is also a visiting card. It opens doors. Because people have seen and been impressed by such a paper then they are more likely to arrange the high-level meeting that the ERT seeks. It can act as a memento, to back up arguments presented more briefly in a meeting or a speech. Finally, not the least of its aims is to act as a point of reference within the ERT itself — the report is where members and their staff can go to find arguments, facts and words when they need them.

Hence, however strong its arguments, an ERT report had to be easy and attractive to read. Floris Maljers of Unilever put it well: "people in my position employ other people to read papers — but the ERT report has to be one that people read for themselves". Jérôme Monod went over the text of *Reshaping Europe* again and again to ensure its clarity and forcefulness. He also insisted that it must not even look like an official document, and it finally emerged from the printers with a magnificent cover portrait of Europa as a Greek goddess.

Fortunately my deputy, Caroline Walcot, and I both had extensive experience of writing, editing and lay-out of printed documents. We took immense care with the words, seeking to make them simple and yet vigorous, looking always for the telling and quotable phrase. Sometimes we concentrated on extensive sub-editing, sometimes we had a chance to write or rewrite an entire report.

*Reshaping Europe*, for example, came together mainly on my own word processor, taking in endless comments over many months and using all my skill to weave them into the text without losing integrity and flow. For benchmarking I read the worthy but unexciting papers, listened carefully to the vivid presentations at the seminar, and then wrote the whole paper in two days. Caroline successfully rewrote the main education report at the moment when all the creative thinking had been done and the ideas were all on paper — but buried beneath the heavy prose of the experts.

Although some reports were translated it was the English text that carried the principal weight. We never forgot that to most of our readers English was a foreign language, and so we sought to standardise on the purest British English (a European language, unlike the semi-American English often used by the Commission). We followed the *Economist* style-book, clinging to George Orwell's golden rules (short not long words, active not passive voice, and so on), avoiding Euro-jargon and business speak alike. We used professional designs with elegant typography and lavish use of white space. The ERT report had to stand out from the clutter on busy people's desks. Once opened it must not be cast aside. Such was the aim.

But what was actually in all these papers, letters and reports? The printed reports are, or were, freely available on demand from the ERT and were largely followed in other documents. Content was in a sense the easiest problem of all, thanks to the extraordinary depth of intellectual resources that the ERT could mobilise. Perhaps it is easiest to think of the ERT as resting on three solid pillars: the position and personalities of its members, the careful orchestration of communications and contacts by the secretariat, and the knowledge and experience deployed within the working groups, which was where the policy details were actually thought through.

In theory the working groups were composed of ERT members. In practice the Internal Market Steering Committee was the only one that met regularly at member level. Certainly every group was chaired by an ERT member, who bore total responsibility for its output, reported regularly to the Plenary Session on the group's activities and presented any final report to the rest of the ERT for approval before publication. In some groups, such as infrastructure, education or trade & investment, the working group chairman normally appeared in person to guide the discussion. But the bulk of the work was delegated, and the quality of the delegates was the decisive factor.

These, the effective members of the working groups, had to be managers with responsible positions in their companies and the total confidence of their chairmen. They came in two forms: the associates and the specialists. The ERT associates have already been mentioned as their chairmen's principal aides on general ERT business. Some came from head offices, in charge of broad aspects of company planning or communications, some were resident Brussels-watchers. Either way their job was to know exactly what their chairmen wanted to achieve and how it impacted in detail on their companies' business interests. They were expected to be gifted in the analysis and expression of business policies, to have a strong sense of priorities, and to be highly sensitive to current political developments. Their main contribution was in the more political subject areas, such as internal market, trade and institutional reform.

In other areas specialists came more to the fore. Chief accountants ran the accounting standards group. Company secretaries dealt with corporate governance. Heads of human resources ran the highly sensitive Industrial Relations and Social Policy Committee. Elsewhere it was research directors or senior environmental managers or specialists in some regional issue such as investment in eastern Europe. In these groups one saw at its best the ERT system at work and the added value it could bring. Top managers, with intimate knowledge of their own companies' needs and problems, rubbing up against colleagues at similar levels of expertise and responsibility but from very different working backgrounds and traditions, yet all of them constrained to reach a common analysis and a common set of proposals.

Such groups would normally begin work in some uncertainty. "What have we come here for?" they would ask. It took time to identify the main themes, to ascertain who would take the lead and do the real work. And then it would usually come together very fast. Indeed at this level it was vital never to waste time and to keep bureaucracy to an absolute minimum. There is a business maxim to the effect that, if you want a job done quickly, give it to a busy man. Working group members were too busy to come to such meetings unless they were convinced that they served a valid purpose.

The secretariat's role, in tight liaison with whoever was chairing the group meetings, was to help to motivate the work, to relate the concerns and expertise of the group members to an overall understanding of what the ERT members wanted from them, and to what was most likely to impact on the target audience. For me this meant staying away from the detail, but being able to show how these sometimes highly technical issues fitted into the overriding ERT goal of strengthening the European economy, and how their wealth of ideas could be pulled together into a meaningful package.

The level of debates could be formidable — these were, after all, the cream of European management — and helping to guide them was one of the great challenges of my work, and one which required solid preparation. Over a period of years we are here speaking of twenty or more working groups, their importance rising and falling, their membership ever fluctuating, their focal points moving from theme to theme as needs changed and developed — we are speaking of several hundred managers of high responsibility and calibre mobilised to further the work of the ERT. It was a total intellectual resource that few organisations could match. Herein lay, beyond any doubt, another vital key to ERT success and influence.

Behind all this front-line activity lay a great deal of supporting work which needs little comment. The working groups maintained their own dialogue with Community institutions, to discuss issues such as internal market or world trade with officials as a preparation or back-up for the more stratospheric contacts arranged for ERT members. No doubt the officials occasionally found ERT arguments helpful in formulating their own policy proposals, but more to the point such contacts would give the working group members an invaluable insight into the political process and teach them just why ideas which seem obvious to the business mind can often fail to win the approval of decision-makers. If this helped the group to find better ways to formulate its thoughts then so much the better.

Another task which fell mainly on the secretariat was to maintain contact with other business organisations in Brussels. This meant taking time to make speeches and to attend a host of different liaison groups, so as to ensure that company representatives, federations and other bodies had a clear picture of what the ERT was thinking and doing and could look up to the ERT as a natural leader of business opinion, breaking new ground, opening up new issues and setting the agenda for European business policies.

This in turn led to a certain amount of press and television work, although never very much. My practice was to be available to the press, and occasionally a well-timed comment hit home. But in general we found that taking an initiative to summon ERT press conferences was rarely effective. Not every ERT member had the communication skills and presence needed to make a strong impact, and, frankly, most of what we had to say was of little interest to the Brussels press corps, whereas the specialist financial or industrial editors who might have been more interested in our views were, of course, located in national capitals working largely to a national rather than a European agenda. A well-known chairman who could launch a good report or announce some strong initiative had a reasonable chance of coverage in his national press, but it rarely went much further than that.

In reality we were too discreet to be newsworthy. A more aggressive style might have raised more headlines but at the expense of distorting our messages, running against the sensibilities of some of our members (who varied widely in their own attitudes to press communications) and possibly upsetting some of the very politicians whose sympathy we were trying to win. The sustained quality of its work and the unremitting sequence of initiatives — meeting, letters and reports — would in my view all serve over time to make the ERT well enough known to its most important interlocutors, and for anybody else we were always available to answer questions and provide information about our activities. It was, however, no doubt inevitable that the label "secretive" was applied to the ERT, not least by those who were jealous of its success.

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## 5. TO WHAT END? — SUCCESSES & FAILURES

So how successful was it? What did all this expensive activity actually achieve? My policy was never to make any claims. If pressed I fell back on a simple analogy. If you push on a door, and after a while the door swings open, there is no way of knowing whether or not it might have done so any way. Other people were also pushing. You can never show that your push was the one that counted.

This was slightly disingenuous, but it contained two elements of truth. One is that the building of Europe is such an extraordinarily difficult task that it would have made no progress at all without continuous pressure from a myriad of people and organisations. The ERT was no doubt a strong voice but only one voice among many. The Kangaroo Group within the European Parliament clamoured just as loudly for the tearing down of barriers to internal trade. Other industrialists made forceful pleas for competitiveness policies, backed by their own evidence. Free world trade commands passionate commitment from many political parties and policy groups who have no industrial axe to grind.

All such pressure is cumulative. The ERT helped, and some of the doors did in fact open, which leads to the second point, that when pushing on doors it is best to select those which are not too firmly bolted and barred against you. There was resistance on all of these issues, but it was rarely based on anything very solid. Economic forces were running in favour of change and openness. What other possibilities were there? The principal opposition came not from any alternative ideology but from the inertia and reluctance to change which for historical reasons are deeply embedded in the old Europe, the Europe of nation states and national bureaucracies, national regulations and state-owned industries, in other words the Europe which has no future. Sustained pressure against such an opposition was always likely to prevail in the long run.

But while the ERT made few claims there were others who were ready to credit it with substantial influence, or indeed to accuse it of too much. Indeed it would be implausible to suggest that such a sustained activity at such a level had no effect at all. The ERT files contain many complimentary letters from political leaders, which need not necessarily be taken at face value. A more considered assessment was given by Jacques Santer in a speech at the ERT's fifteenth anniversary reception in Brussels in January 1999, reflecting his own experience as a member of the European Council as well as President of the Commission, and the views of his senior advisers within the Commission who had followed these issues in detail.

What Santer said was that the ERT had "without any doubt played a major role in the development of the European Union". This was due, not solely to the strong personalities of ERT leaders, but much more to the policies, positions, papers and advice that it had given. "Overall this has been of the highest quality — pertinent and forward looking. Documents always excellently written and presented. Mercifully short and punchy as well."

That was why the ERT had access to the highest levels of government. "Its messages are important. The ERT has something to say. European politicians recognise it. And listen."

He then went on to point out the strong correlation between the themes that the ERT had stressed and the emerging political priorities of the time. Most of these themes had been or were in the process of being adopted, and he gave a string of examples from missing links and the single market to benchmarking and innovation.

It may therefore be useful to examine some of these issues separately, to see which of the doors at which the ERT pushed did in fact open. Since what is at stake is the climate of opinion it is probably best to consider the issues grouped to reflect certain dominant ideas.

### **Single market - single currency - single infrastructure network**

The Single Market is the brightest battle-honour on the ERT flag, surely the most clear-cut example of success. It is hard now to remember how much scepticism existed at first. Pat Sheehy and I met Lord Cockfield in 1984 before he joined the Commission, and he told us of his determination to make the single market happen. Yet when we arranged a dinner for senior British industrialists to listen to his plans they dismissed them out of hand as unrealistic.

For the Commission it was uphill all the way, and there can be no doubt that Delors and Cockfield were grateful for the support they received. They needed the encouragement that ERT leaders gave them, they needed to be told how much industry wanted the single market, and they needed to know that industrialists were also presenting their arguments direct to heads of government.

Would it all have happened without ERT support and the pressure from other business groups that ERT members helped to organise? Perhaps so, since the time was ripe for such a development. But each barrier would have been more difficult to overcome. The whole process would have taken longer, upsetting the timetable for monetary union, and it would have been less well done.

The energy pumped into the single market campaign reflected a certain state of mind, a conviction that Europe's inner frontiers served no useful purpose and should be swept away, an impatience with the vested interests that stood in the way of change. The campaign's growing success also persuaded the businessmen that their ERT work was not a waste of time.

This attitude carried over to the even bigger issue of Monetary Union, which in fact came about on a timetable not too different from that laid down in *Reshaping Europe*. Yet how radical and far-fetched that seemed to many at the time. Perhaps the question to ask is whether monetary union would have gone through at all without the strong business support that the ERT helped to mobilise. Suppose that big business had been lukewarm, or confined itself to empty waffle. It must be clear that the negative attitude of successive British governments was made easier because of the mixed and uncertain voices coming out of British business.

Meanwhile the insistent pressure for an integrated, pan-European approach to the building of transport infrastructure also helped to reshape official thinking. ERT ideas were elaborated into the Trans-European Networks programme, with a focus on improving road and rail links between rather than within countries so as to facilitate trans-European trade. All of which became a sore point with our critics, as will be seen. But the Channel Tunnel was built, Sweden and Denmark were linked, the high speed train network began to spread across frontiers and the frontier controls themselves were largely swept away. *Missing Links* left an indelible trace on the map of Europe.

### **Competitiveness — benchmarking — growth & employment**

The EU is not only more integrated, both economically and physically, than ever seemed likely. It is also more competitive, and for this too the ERT can claim some credit. Competitiveness is harder to pin down, since there is no comprehensive legislative programme as there is for the single market. Many detailed policy recommendations had to be made and supported by arguments, but what was really at stake was an overall objective commonly described as "putting competitiveness on to the political agenda".

In other words, getting governments to take the idea seriously and to shape their own specific policies in ways that would raise the competitiveness of European business. And this was achieved. Competitiveness came to figure more and more prominently in European policy statements, especially in the declarations emerging from European Council summit meetings. Policy measures, including laws and taxes and the whole general attitude of government towards business issues, slowly began to reflect these ideas.

The Lisbon European Council of March 2000 represented a high point of this process, with its "new strategic goal" for the EU within the next decade "to become the most competitive and dynamic knowledge-based economy in the world". Lisbon traced the direct link from globalisation to job creation by means of competitiveness as clearly as the ERT had done in *Reshaping Europe* and in so many other reports over the previous decade, and Lisbon's long list of policy specifics reflected the familiar ERT priorities all the way from benchmarking to lifelong learning.

Admittedly much is still lacking in Europe's economic structure, government actions do not always reflect their leaders' pious declarations, and when they do they do so slowly. But the change in direction is unmistakable and by the turn of the century there was strong evidence of a European economy better poised for growth and job creation than for many years past.

Two ERT contributions to the debate were of particular importance. One was the blocking of unhelpful proposals for social regulation, including the European Company Statute as originally formulated, but done without open confrontation. The ERT managed to use its contacts, including the good personal relations with Jacques Delors, to launch a constructive discussion about policies conducive to job creation. The Luxembourg and Lisbon summits confirmed that governments had finally come to see that a higher level of employment would follow from getting other policies right, rather than pressing some magic regulatory button, and this had been a consistent ERT message.

The other was the acceptance of benchmarking as a regular tool for guiding EU policies. This can surely be traced to the ERT's 1996 seminar, even though early reactions had been mixed and we were more than once told that governments would never accept the idea. Yet patient deployment and constant repetition of the arguments won through, and in his 1999 speech Jacques Santer said simply that "we are all benchmarkers now". Successive EU summits committed themselves to the Cologne, Luxembourg and Cardiff "processes", which are nothing more than glorified benchmarking exercises to deal with macro-economics, employment and structural reforms respectively, all tied together into a coherent package at Lisbon.

### **World trade — the global business agenda**

The world trade talks did lead to a Uruguay Round agreement. The ERT contribution was no doubt small, but it was sustained. Quite apart from the meeting with Balladur, it was important that European governments and negotiators were never in any doubt about industry's overall commitment, reiterated at every high-level meeting that ERT attended. It was always possible to say that the supporters of free trade were more substantial than the opponents.

Yet this could not have been taken for granted. Protectionist pressures do exist in the business world. Even among ERT members some were perhaps less enthusiastic for competition than their colleagues, and it is a tribute to the dynamics of Plenary Session debates that the strong line taken by the out-and-out free traders always prevailed in the end. (Whether that proves equally true in future, after the events at the Seattle trade summit in 1999 where the voice of business was so conspicuously absent, remains to be seen.)

No doubt the true world without frontiers is still somewhere in the remote future, but other ERT policies, for accounting standards or electronic commerce, pointed in the same direction. Europe has to be a full participant in the global economy, not blindly following other people but not retreating into a fortress either. This should be a focal point for the business agenda in the new century.

Beyond these main groups of examples, it is perhaps enough to say that the ERT participated in other dialogues and demonstrated that industry had many useful ideas to contribute. If we helped to guide policy-makers away from too much specialisation in education, or an excessively regulatory approach to environmental protection, or the dangers of returning competition policy to national jurisdiction, that would justify the work done.

In all such areas it must remain difficult or impossible to judge the degree of influence that was actually achieved. The policy areas that moved were those where the ERT put most of its effort. It defined its objectives and stuck to them with consistency, coming back to the same issue again and again until scepticism gave way to acceptance and then to enthusiasm. The basic intellectual framework within which policy-makers approach business-related issues did change and develop over this period, and the ERT did help to bring about the change, that is not too much to suggest.

It should not be forgotten that when an idea does win through then there are often many voices ready to claim responsibility. Fortunately there was no need for the ERT to play that game. Its aim was to bring about the strengthening of the European economy. That the European economy today is far stronger than it was in 1983, and structured in a way far more encouraging to business enterprise, cannot be doubted. That should be enough.

## Gaps in the record

But what of the failures? Clearly not everything went the way the businessmen wanted, whether because they tried and failed or because they chose not to invest too much effort in causes that seemed unwinnable.

Tax reform, for example, might seem like a natural extension of the single market. ERT pressed for a radical simplification of both corporation tax (in the context of the European Company Statute) and value added tax. The goal was that in each case companies should receive a single tax assessment for all operations inside the EU and settle it with a single cheque, destroying the need for a great deal of costly and unnecessary accounting and paperwork and removing distortions in business decision-making.

In effect members wanted to run single and fully integrated EU businesses like their competitors could do in the US or Japan, but it was not to be. The Commission was sympathetic but finance ministers dug in their heels. Fears for job losses within national tax administrations, plus a strong feeling within national parliaments against anything that smacked of tax harmonisation, were too strong. Improvements continue to be made at the margins but the single EU tax structure still seems a long way into the future.

Social dialogue with organised labour is, in contrast, an area where the ERT almost certainly could have made some impact and chose not to do so. Trade unions would have been happy to talk to the ERT but members felt that that was UNICE's right and responsibility, and they were distinctly nervous about being dragged along the perilous path towards pan-European wage negotiations. Which is perhaps to be regretted. Some common ground certainly exists between business and union leaders on policies for raising the competitiveness of European industry and encouraging job creation, but to launch even exploratory talks would have been a bold and controversial commitment for which ERT was not yet ready.

EU enlargement was also a weak point. *Reshaping Europe* marshalled powerful arguments in favour of rapid integration leading to full membership just as soon as the candidates were ready. But the topic was not followed up and there was no specific ERT paper on enlargement until 1999. Individual members became deeply involved in business and investment in eastern Europe, and joined various advisory bodies, but it never came together as an overall policy issue. Perhaps we all underestimated how slowly the negotiations would move. Looking back it seems clear that the ERT could and should have done more to push and prod.

But this only reflects a more general weakness in the area of external relations, which can be measured by the fact that during ten years service as Secretary General I only once travelled outside the European area on ERT business, to Washington in 1988. This was not where members wanted me to put my efforts. ERT had intermittent contacts with the US Business Roundtable and the Japanese Keidanren, but they never seemed to lead anywhere useful. Of course we all had a common interest in furthering the development of world trade, but there was little commonality in either our specific priority lists or in our general style of communications. During the Uruguay Round there was a tedious procession of American businessmen and diplomats complaining that the Europeans were not doing enough, when what they really seemed to mean was that we were not using American lobbying methods to pursue essentially American objectives.

ERT certainly had a strong Trade & Investment working group, chaired by Etienne Davignon (by now chairman of Belgium's Société Générale), which ensured that trade issues were rarely off the Plenary Session agenda and figured prominently in communications with national governments and the Commission. The message was crystal clear: that the overall benefits of trade liberalisation were far more important than any of the separate sectoral interests. Negotiators should expect to win some arguments and lose others but what mattered was to do a deal. This was a sharp contrast to the US approach, which was always to concentrate on specific benefits to identified sectors of US business.

There was a gap, however. Commission negotiators (heavily under-resourced in comparison with the Americans) complained that they were not getting enough detailed guidance from European industry. ERT was not set up to do this and would have been wrong to move away from issues of principle. UNICE with its network of committees and genuinely representative status had more to contribute, and we worked closely together, even running joint events to promulgate our common views. But much of the detailed work inevitably came from the sector and national federations, who often had different views of what was needed, and from a plethora of advisory committees on such difficult subjects as intellectual property where, frankly, there is no unified business point of view.

### **So what is missing?**

The truth about the Uruguay Round is that with the inclusion of so many new issues it strained to the limits all existing machinery for policy formulation and negotiation. It is a wonder that a deal was done at all, and there must be doubts about whether the proposed new Millennium Round represents a plausible next step towards the goal of free and fair world trade. This is part of the wider issue, that effective institutions for managing the complexities of the global economy do not yet exist. But for the purposes of this paper there are four general conclusions to be drawn.

1. The European Union does not have an adequate management structure for handling difficult international issues. The fragmentation of responsibility and resources between the Commission and the member states presents a sorry contrast to the centralised negotiating power of the US administration. As experienced managers the ERT members could see this and discussed it at length, and did try to feed advice into the negotiations that led up to the Amsterdam Treaty. But it is fair to say that they did not do enough, and perhaps their heart was not in the issue. Political structures and institutional design were not their line of expertise, and beyond demanding that political leaders should set up something better they had little else to say.

2. The ERT never mobilised the resources to become a major player on the international stage. Members had an enormous range of global interests and contacts but preferred to pursue them through other organisations. Consistent efforts were devoted to European issues and everything else was sporadic. As examples, beyond what has already been mentioned, there were trips to Geneva to talk to the GATT, a trip to Moscow to talk to prime minister Chernomyrdin, a conference in Brussels with the African Business Round Table, a conference in Geneva with UNCTAD and ambassadors from developing countries to discuss global investment flows, and a strong contribution to the 1995 G-7 ministerial conference on the global information society.

Each of these events was valuable and instructive, but the opportunity to build a continuing relationship was not taken and would have demanded a rather different ERT. Perhaps the most fruitful contribution was that made, largely at secretariat and associate level, to establishing the Transatlantic Policy Network. This in turn paved the way for the Transatlantic Business Dialogue, established by the Commission and the US administration to advise on bilateral trade issues, in which four out of the first five chairmen of the European side were ERT members. But sustained global communications were not on the ERT agenda.

3. The ERT never adequately tackled the communications gap in Europe. That gave rise to the US complaints about lack of activity, since most of what we did do was invisible to the world outside. The reticence about press and publicity has been explained. But the unfortunate result was that the only two papers which achieved substantial pan-European publicity were *Missing Links* and *Reshaping Europe*. Nothing was done which could have had the whole of Europe clamouring to know what the ERT was doing and thinking, nor could we have coped if it had.

But the problem goes deeper. Brussels is not yet an equivalent to Washington. Ultimate power still lies in national capitals, which is where the press is based. There is no European public opinion, there is no European press. There are papers of great authority with excellent European news coverage, but they are edited in Frankfurt, Paris, London or Milan, and that is where ERT would have had to focus its efforts if it had really sought to raise public awareness of these issues and activities.

4. In the end the efforts of businessmen are doomed to a measure of failure. They believe, perhaps rightly, that they know how to raise the level of prosperity and employment and how to improve some unsatisfactory aspects of the world about them. But, be they right or wrong, it would be a strange world that gave them their head. In the real world governments do only a little of what business suggests, and they do it slowly.

Wise industrialists know and understand this, and perceive the value of consistent repetition of a few selected messages within a limited sphere of activity. Here lay the real strengths of the ERT. It had strong and consistent leadership, a good sense of what was practical, a great deal of intellectual depth, and a sound organisation. Above all we had focus. What we did we did well. What we didn't do left regrettable gaps in the policy debate. But overall the record is not a bad one.

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## 6. CRITICS & CONCLUSIONS

Others would say that we did well and indeed too well. ERT had its critics and they were not reticent, nor did they confine themselves to words alone. In 1993 a group of activists occupied the ERT offices in Brussels for a day, no doubt hoping for a violent and publicity-gathering confrontation, which was denied them by the calmness and good humour of my staff. In 1994 a more menacing group succeeded in disrupting a lecture that I had been invited to give at the University of Sussex — this time there was violence in the air and the police were involved, although the incident faded away peacefully enough.

The most coherent statement of these criticisms came in 1993 in the form of a carefully researched paper called *Misshaping Europe*. The authors did not mince their words.

"Presenting a report under the name of the ERT seems to be the only way of getting the attention of the leaders of the EC [the European Community, as it then was]. Time after time the ERT has succeeded in getting the EC to adopt the agenda of business at the expense of the environment, of labour and social concerns and of genuine democratic participation.....

"The political agenda of the EC has to a large extent been dominated by the ERT.....While the approximately 5000 lobbyists working in Brussels might occasionally succeed in changing details in directives, the ERT has in many cases been setting the agenda for and deciding the content of EC proposals."

Their complaints were organised under a number of headings — internal market, transport infrastructure, education and social security — but the essential message was twofold. One concerned the damage to the environment, to cultural diversity and to the prospects for developing countries alleged to be caused by increased trade in Europe and the world and by the consequent growth in traffic and road-building. The second was the more general point of undue favours being given to big business at the expense of non-governmental organisations and other interests.

Such criticisms have been echoed many times and turn up regularly in the press. A typical recent example appeared in the *Guardian* in December 1999, commenting on the world trade fiasco in Seattle. It pointed a finger at "a shadowy lobby group which has, for the past 15 years, exerted an iron grip on policy-making in Brussels.....The ERT has so far been astonishingly successful. The Single European Act [which paved the way for the single market] was framed not by the EC but by Wisse Dekker...subsequently chairman of the ERT." The article went on to warn against the time when "the world will consist of a single deregulated market, controlled by multinational companies, in which no robust law intended to protect the environment or human rights will be allowed to survive".

This paper is not an appropriate place to reply to the issues in detail. In general businessmen believe that their proposals will add to the world's economic resources. If governments are wise those additional resources can then be fairly distributed and used to raise world-wide living standards, and to improve the environment, health, education, the social services or whatever people want — although not everything at once, of course. But individual proposals are all for debate and ultimately for decision by governments and parliaments.

But more should be said about the general antipathy to big business. This may be a minority view, but it has a powerful head of emotional steam behind it. Part of it is a distaste for bigness as such. In a world of six billion people it is inevitable that large organisations should form and play a leading role in both the public and private sectors, and inevitable that "ordinary people" should find them in some ways difficult to understand and relate to their everyday concerns. Bewildering changes, triggered off by events on the other side of the globe, directly affect individuals' lives and livelihood, their jobs and their cost of living, and nobody seems able to do anything to help.

Even big government (especially in Washington and Brussels) and the great international representative institutions, despite their valid claims to democratic legitimacy, attract suspicion and hostility. How much more must attach to big companies whose existence can apparently only be justified through abstract economic principles and the arcane workings of the capitalist system, the profit motive, competitive market forces and international financial markets?

No doubt all this also helps to fuel a certain nostalgia for that fondly–imagined golden age when everything was small–scale and local, food was pure and healthy, there were no smoky factories and no traffic on the roads, people co–operated rather than competed with one another and lives were simple and free of stress. Contrast that Utopian vision with the dirt and discomfort of modern life and there is no wonder that some people want to blame big business for everything. Especially when big business makes such a bad job of explaining its own activities.

Overall there is no doubt that the industrialists deeply resent the massive and favourable publicity given to their critics. They are generally aware of the world's problems, but see themselves as having large responsibilities and coherent policies for dealing with many of them. Their opponents may be quick to find fault but do not provide a consistent programme whose implications could ever command the support of that general public whose interests they claim to represent.

In the eyes of business, the lifeblood of a world economy comes from trade, transport, energy, infrastructure, innovation, open markets and free capital movements. They simply need to be managed better, not stifled. And when the activists and pressure groups pick holes in the argument and draw attention so very effectively to flaws in the system they are seen as distorting the overall picture and ignoring those large–scale problems that affect the health of society as a whole.

But this is surely the whole point. The opponents of big business are good at communications because communications is their *raison d'être*, whereas to the businessmen it is always a lower priority, a distraction that they are not trained to deal with. My own reaction would therefore be to turn this whole argument around and see it as a direct challenge to the business world to put its own communications in better order.

The starting point should be that economic activity is a fundamental part of everyday life. But it is something that political systems do not handle easily for many reasons, including their natural susceptibility to short-term pressures, to bureaucratic empire–building, and to demands for expenditure beyond their means.

In a complex and heavily–populated world big business is an essential part of the economic system. It plays a leadership role in driving technical change and setting a framework for smaller businesses. It derives its true legitimacy not from abstract theory but from the millions of people who work in its factories and offices, supply its materials and services, distribute its products, invest their savings and pension rights in its assets, and above all who buy what it has to sell, the customers without whom none of those supposedly powerful companies could survive for a day.

That is simply to say that big business is a legitimate actor in society with a right to be heard like any other legitimate actor. It is then up to governments and parliaments to decide who speaks for the real interests of society at large and whose arguments make the best sense.

But it is equally up to big business to organise itself as effectively as possible so as to communicate its ideas clearly and convincingly, over the long-term, and in a way that reaches beyond the world leaders and through to the ordinary voter. Measured against such a goal the ERT fell short.

There was one respected member of the ERT Steering Committee who regularly spoke to this topic. Recruit the two hundred biggest companies in Europe, was his advice, establish a really strong organisation, and your voice will be heard everywhere. But other members always voted him down. What they liked was the small, informal and non–bureaucratic club, which did very well, but arguably not well enough. What more could it have done? I would suggest several promising lines for development:-

- \* to create, maintain and disseminate a comprehensive package of policy arguments and proposals for the whole range of major business issues, not six or seven;
- \* to communicate more effectively at European level, especially to the Council of Ministers and the European Parliament, as well as more extensively within the Commission;
- \* to establish strong lines of communications within each member state through liaison with national industrial federations and greater use of ERT members within each country;
- \* by these means to reach out successfully to national politicians, press and television;
- \* to open regular debates with trades unions, non–governmental organisations, academic groups, and so reach out to civil society and the general public;

\* to develop a systematic dialogue with business organisations in the US and Japan, in Russia, Central & Eastern Europe and the Mediterranean basin, and with the international financial and economic institutions;

\* to commission serious research into the long-term governance of the global economy (in which, after all, an enlarged and integrated EU may well end up as the leading player).

In other words the ERT could organise itself to become what might be characterised as "the central reference point for business-related issues in Europe", as well as a creative source of ideas for other long-term policies. To do all that would be the work of decades. But ERT had the potential, and given the commitment could have done it.

Sympathetic ERT members would sometimes tell me that they thought that my job was impossible, steering the work of such diverse and independent-minded individuals. Viewed soberly it probably was, except that I always saw it as a work of transition, taking the sketchy organisation which I inherited and converting it into a base for the bigger and stronger ERT of the future.

"We are pioneers in the field," I used to tell my colleagues, "clearing the bush and laying the foundations for future generations to build on. We cannot prescribe how it will grow and develop, but we can make sure that the foundations are absolutely solid. Future generations will look back on our work and may think that our methods were somewhat primitive but they will not be ashamed of the lines we took and the directions we set".

When I left the ERT in 1998 I thought that the base was strong and that future prospects were bright. Today I am less sure. If it carries on without radical development, that would count as failure because it would not be making the contribution it is capable of making, it would not be rising to the challenge. Admittedly it could be argued that the ERT was a child of its time and that those pioneering days are in fact over. The old approach has had its day. Issues today are more complex and need a different response. But that is precisely the problem. Will businessmen organise themselves better to deal with these more complex issues or not?

If not, that will demonstrate that businessmen still do not understand the general problem of communications in the modern world which was mentioned at the beginning of this paper. They do not perceive the scale of misunderstanding and misinformation which still exists, they do not see how serious an obstacle it is to rational policy-making. They do not realise what a strong and valuable contribution they could make if they mobilised the necessary resources and gave enough of their own time. If they fail to build on what the ERT did over its early years then Europe will be so much the poorer.

The real problem is not policies. Intelligent people can always devise suitable policies. *The real problem is communications.* Communications are what is needed to build a climate of opinion which allows appropriate policies to be put into effect.

When we wrote in *Reshaping Europe* that "Europe needs its industries...but industry also needs Europe," we were setting out an aspiration for future cooperation and communication. Cooperation can develop slowly and steadily, but the communications gap is still there and has yet to be adequately bridged.

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The ERT possesses substantial archives which were reorganised in 1998 preparatory to the historical work. It normally makes published reports and some other material available on demand.

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## **Annex: ERT Membership**

*The Chairmen or chief executives of the following 46 European companies were members of the ERT in February 1998.*

Britain:	BT, B.A.T. Industries, ICI, GKN, Pilkington, GEC, BP, (7)
France:	St-Gobain, Lafarge, Total, Rhône-Poulenc, Air Liquide, Suez Lyonnaise des Eaux, Renault, (7)
Germany:	Krupp, Veba, Siemens, Airbus Industrie, Bayer, Daimler-Benz, Bertelsmann, (7)
Belgium:	Gevaert, PetroFina, Société Générale de Belgique, Solvay, (4)
Italy:	Cofide-Cir, Fiat, Pirelli, (3)
Netherlands:	Philips, Royal Dutch/Shell, Unilever, (3)
Norway:	Norsk Hydro, Statoil, (2)
Spain:	Repsol, Iberdrola, (2)
Sweden:	Investor, Ericsson, (2)
Switzerland:	Nestlé, Hoffmann-La Roche, (2)
Austria:	OMV
Denmark:	Carlsberg
Finland:	Nokia
Greece:	Delta Dairy
Ireland:	Jefferson Smurfit
Portugal:	Amorim
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