State of Europe: How the European Round Table of Industrialists came to wage class war on Europe

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Founded in 1983, the European Round Table of Industrialists (ERT) quickly became – and today remains – one of the most influential voices of organized corporate interests in Europe. Not quite a lobby, not quite a think tank, the ERT is an action-oriented group made up of roughly 50 CEOs or Chairmen of Europe's top industrial corporations who collectively push specific ideologies, pressure political elites, and plan objectives and programs designed to shape the European Union and the 'common market'.

The past thirty years of the ERT's existence has revealed it one of the most influential organizations in Europe, widely known to the EU's political, technocratic, and financial elites, holding regular meetings, dinners, and social events with prime ministers and cabinet officials of EU member states, as well as the leadership of the European Commission itself. In the wake of the European debt crisis of the past several years, the ERT has again been at the forefront of shaping the changes within the EU, promoting austerity and structural reforms as the 'solution' to the debt crisis.

As through their three-decade history, the Round Table today continues to promote the ideologies and interests of corporate and financial power at the expense of the interests of labour and the population more widely. This paper aims to examine this highly influential group in order to shed some light on an organization very well known to those who make the important decisions within the EU, yet largely in the shadows to those who have to suffer the consequences of those decisions.

The Debt Crisis

In February of 2010, the European Round Table of Industrialists (ERT) warned the EU's political leadership that they needed "to act with a more unified voice on economic, financial, trade and education issues or face global irrelevance," and that the supranational union of states "needs to play as one single player in economic terms" if it had any hope of competing in the era of globalization with the emerging market economies of Asia and Latin America.

What was needed to address this challenge, explained the CEO of Philips and Vice Chairman of the ERT, was "macroeconomic and financial discipline," meaning: austerity. The chairman of the ERT and CEO of Volvo, Leif Johansson, stated that, "We need to respond more aggressively… We need to make Europe more competitive in the global market and complete the single market" within the EU itself.[1]

That same month of February 2010 the ERT released a major report, *ERT's Vision for a Competitive Europe in 2025*, in which they outlined the ideological and institutional objectives and plans of Europe's top corporations to shape the policies of the European Union up to the year 2025. The report identified the erupting debt crisis as "an opportunity to rethink the European Union's future course and to take decisive action," and further explained that the publication itself was directly "intended to guide the EU's policy choices in the next decade."[2]

In the wake of the rising economic power of Asia, the ERT warned that unless major reforms and changes were made, Europe would become a "hobbled giant." To remedy this problem for the corporate elite, the EU's single market would need to be completed, with major changes to the healthcare system, with an increased emphasis on the privatization of healthcare.

The ERT pressured for the "sustainability" of "sound economic, financial, education, social security and pension systems, optimized use of raw materials, water and food, and a secure energy supply." In other words, the corporate executives 'borrowed' the term sustainability from environmental discourse to refer to any area which is managed or funded by the government as being 'unsustainable,' due to the debt crisis caused by the banks. 'Sustainability' for the ERT was viewed as the increased privatization, deregulation, and market-ization of all of society, undoubtedly, for their own benefit. When they use the term 'sustainability,' they are, in effect, referring to the sustainability of their increased profits and power. The report itself noted that, "sustainable policies should stimulate economic activity, based on free and fair market mechanisms, openness, entrepreneurial freedom, inclusive labour markets and smart regulation."

The road to such sustainability runs through long-lasting and deeply painful austerity. The ERT called on EU Member States to adhere to the Stability and Growth Pact, which demanded nations keep their budget deficits below 3 per cent of GDP, as well as encouraging budget surpluses, and that such an objective "should be financed by cutting public expenditure on policies that are not sustainable," in other words austerity. The ERT called for "reforms" to social security and pension systems, stating that the EU should place "greater emphasis on patients' responsibility for healthcare costs," meaning that there should be less public support for populations, and more support for corporations, and that those populations should be left to the whims of a 'competitive' market.

Turning to one of the ERT's most long-lasting issues of importance, the report stated: "European labour markets need to become much more inclusive, enabling business to mobilize employees of all ages and at all levels of qualification." This requires "a new understanding of job security – putting less focus on preserving jobs and more on ensuring high levels of productive and sustainable employment," broadly defined as "labour flexibility," which is designed to "help raise European productivity to amongst the highest in the world." In other words, European labour markets need to become less protected, less regulated, and with less benefits, so that labour itself becomes cheaper to employ, less protected from exploitation, and thus, more "productive." Only with a cheap and exploitable labour force would Europe be able to 'compete' on a global level with regions such as Asia and Latin America. The ERT noted the challenge of such a task, suggesting that it required a "culture change." As in the past, such a change – or 'adjustment' – must be born by the workers, and the population at large, not the corporations or the economic and financial elites.

Two leading figures within the ERT, the group's chairman Leif Johansson, and Jacob Wallenberg, the, co-authored an article for the *Financial Times* in March of 2010 in which they stressed the need for Europe to "return to sustainable growth," in which the "right path" to "economic recovery and sustainable employment is through healthy, competitive and open markets."[3]

Jacob Wallenberg, chairman of the ERT's Competition Policy working group, is a typical example of ERT's membership made up of western corporate, financial and policy elites with unprecedented global reach and influence. Wallenberg is a prominent member of Sweden's most influential financial dynasty – the Wallenberg family – and he is Chairman of the family's investment company, Investor AB, as well as Vice Chairman of the family-owned bank, SEB AB. Wallenberg also sits on a number of corporate boards, including the Coca-Cola Company, Ericsson, ABB and SAS AB, and the Stockholm School of Economics. In addition, Wallenberg holds a number of positions within advisory groups that have direct access to political and policy leaders, such the International Business Leaders' Advisory Council to the Mayor of Shanghai, the International Advisory Board of the U.S.-based think tank, the Atlantic Council; the International Business Council of the World Economic Forum,the Steering Committee of the Bilderberg Group, and previously the International Advisory Board of the global investment giant, Blackstone.

Of the 51 individuals in leadership or membership positions of the Round Table, six of them are also members of the International Business Council of the World Economic Forum, five are affiliated with the German financial giant Allianz (one sitting on its board, and four others as members of the Joint Advisory Council of the Allianz Companies), four individuals are either members of the Steering Committee or recent participants at Bilderberg meetings; four individuals are past or presently affiliated with Siemens and Ericsson; three individuals are past or present members of the Trilateral Commission, three hold leadership positions at The Conference Board, three sit as members of the International Business Leaders' Advisory Council to the Major of Shanghai, and three members also serve on the International Advisory Board of Bocconi University and of

Paris EUROPLACE.

In a 2010 article for the journal, *International Sociology*, William K. Carroll and Jean Philippe Sapinski examined the relationship between the corporate elite and the emergence of a "transnational policy-planning network," in the decades following World War II, and speeding up the process from the 1970s onward, with the creation of "global policy groups" and think tanks such as the World Economic Forum in 1971 and the Trilateral Commission in 1973, among many others. The objective of these groups was to create a politically "organized minority" of corporate and financial elites, above and beyond the nation state. These organizations allow for transnational corporate and financial elites to meet, discuss, form consensus on major issues, plan and promote ideas, shape institutions, push agendas and programs of action, and very importantly, to engage directly with the major policy and political elites who also participate in these groups.[4]

Four of the ERT's members are also affiliated with the Bilderberg Group, created between 1952 and 1954, bringing together roughly 130 political, economic and financial elites from Western Europe and North America to discuss major issues of global importance behind closed doors, in secret and without public participation or media coverage during a three-day annual meeting. A former participant in Bilderberg meetings, Will Hutton, referred to the group as the "high priests of globalization."[5] Another prominent policy-planning group which represents the interests of the 'Transnational Capitalist Class' is the annual meeting of the World Economic Forum (WEF) in Davos, Switzerland. Originally founded as a forum of European CEOs in 1971, the Forum has since rapidly expanded its objectives and membership, bringing thousands of corporate, political, financial, intellectual and cultural elites together in one setting on a yearly basis in order to debate and discuss issues of major importance and help to shape a common consensus in how to address these issues. Six of the ERT's 50 present members are also members of the International Business Council of the World Economic Forum, giving them leadership positions within this highly influential yearly forum.

The Trilateral Commission was formed in 1973 by Chase Manhattan CEO, David Rockefeller, who sought an organization which would bring together roughly 350 political, corporate, intellectual, financial and cultural elites from North America, Western Europe, and Japan, so as to establish greater co-operation and coordination of policy among the major industrial nations of the world. Three members of the ERT are either sitting or recent members of the Trilateral Commission.

One of the more infamous projects of the Trilateral Commission was its 1975 report on the *Crisis of Democracy,* in which the authors suggested that the industrial world was experiencing an "excess of democracy" in which corporate interests were threatened by increasingly activist-oriented, politically awakened and activated populations who were seeking to both reduce the power of these institutions while demanding more power and opportunity for groups and populations. The report identified that the cause of the "crisis of democracy" was "a highly educated, mobilized, and participant society," and therefore, the solution to the "excess of democracy" was an increase of "apathy and noninvolvement on the part of some individuals and groups."[6]

There is little doubt that these views are still held by members of ERT, given their involvement in the Trilateral Commission and the perceived threats posed by democracy to their own economic interests.

Of the 50 members of the Round Table, 16 hold simultaneous positions of leadership in large European banks and financial institutions. If we include members that were recently in senior positions at leading European financial institutions, more than 20 out of the 50 members of the ERT are heavily integrated into the leadership of the financial sector. So not only are the ERT's members closely integrated into the institutions and networks which influence policy and political elites across the industrial world, they are even more closely connected with the financial institutions that dominate global markets and which precipitated the most recent global economic crisis.

A former Treasury Department official, Roger Altman, wrote in the *Financial Times* in 2011 that financial markets had become "a global supra-government" which has the power to "oust entrenched regimes… force austerity, banking bail-outs and other major policy changes," and that apart from nuclear weapons, "have become the most powerful force on earth."[7]

In a 2013 article for the *Financial Times*, Altman wrote that it had not been Angela Merkel "or other political leaders who pushed austerity on to Italy, Spain, Greece and others," but rather, it was the "private lenders… who declined to finance further borrowing by those countries," noting that, "markets triggered the Eurozone crisis, not politicians." Altman added: "In fact, 21st-century markets are much more powerful than any government leader."[8]

The European Round Table of Industrialists' capacity to represent the collective interests of concentrated corporate and financial power means that when the ERT released its February 2010 report on its *Vision for 2025*, it was taken very seriously by Europe's policy and political leaders.

Immediately following the publication of the ERT report, Round Table members met with the president of the European Commission, José Manuel Barroso.[9] One top ERT official commented that, “We will make clear to Barroso that we are keeping a close eye on him and we will consider him responsible for the success or failure of the strategy as much as we will do with our national governments.”[10]

The following month, the European Commission published its own report, *Europe 2020: A European Strategy for Smart, Sustainable and Inclusive Growth*, in which Barroso wrote that it was “the time to be bold and ambitious.”[11] Noting that government debts “cannot be sustained indefinitely,” the report suggested that what would be required are “medium-to longer-term reforms that promote the sustainability of public finances and enhance potential growth.” The process of ‘fiscal consolidation’ – or harsh austerity measures – was recommended to most countries throughout 2011, while tax increases were expected, as well as the implementation of “important structural reforms, in particular of pension, health care, social protection and education systems.” The EU will require a “strong governance framework… to ensure timely and effective implementation.”

In effect, then, the Commission’s own report reflected to a large degree the same objectives and ideological underpinnings of the ERT report published the month prior. The Round Table maintained pressure upon the EU and its institutions to follow through with their plans to expand Europe’s ‘competitiveness’ through “ambitious, bold and consistent policy action.”[12] In January of 2011, the ERT warned European leaders of the need for a “quick and orderly return to stable public finances,” thus requiring more austerity measures.

The ERT would continue to meet with top European political leaders to to push their agenda upon the EU, holding meetings with German Chancellor Angela Merkel and the Danish Prime Minister. In November of 2011, French President Nicolas Sarkozy hosted an ERT delegation where the CEOs “stressed the need to implement European policies which support industry.”[13]

That same month, the ERT released a report assessing the progress on their Vision 2025 agenda, noting that, “public and private debt must be reduced, while economic growth is needed to ensure Europe’s wealth and well-being.”[14] Noting that Europe’s corporations are “the core of a sustainable Europe,” it called for the executive to prioritise “moderniz[ing] European labour regulations to be more flexible,” as well as continuing with austerity measures.

In March of 2013, a “high-level dinner” was hosted by Angela Merkel, inviting a delegation of the ERT, as well as French President Francois Hollande and European Commission President Barroso where the CEO’s were to discuss the “competitiveness” of the EU. One of the main agenda items at the meeting was to reaffirm that “flexible and productive labour markets” would have to “be put into place quickly.”[15]

ERT as a ‘Competitive Cartel’

For all their talk of ‘competitiveness’, the corporations of the European Round Table of Industrialists routinely engage in forming and operating as cartels, the very definition of anti-competition. There is, however, a logic to this process: large corporations are formed through mergers and acquisitions (M&A), leading to heavily concentrated institutions of economic and industrial power, and which becomes even more concentrated in the financial world. In such circumstances, it serves the interests of the large conglomerates to collude with one another, to form cartels, and thus, undermine competition (or ‘competitiveness’) between each other, increasing profits for all parties involved, and thus, facilitating higher levels of economic concentration and with that, increased social and political influence.

A study of the European Round Table of Industrialists published in 2012 in the journal, *Competition and Change*, examined the ERT’s member corporations that have been prosecuted by EU competition regulators for forming cartels, and the results are enlightening. Between 1990 and 2010, there were some 101 different corporations associated with the ERT, and 32 of those corporations were convicted at one point (or often, at several points) of participating in cartels, and frequently of participating in cartels formed with other ERT member companies. In total, the European Commission placed 63 fines on these 32 corporations, or, alternatively, granted them immunity. In EU law, a company that blows the whistle on a cartel is subsequently given immunity from legal repercussions. The cartels were primarily formed among chemical (including pharmaceutical), and energy (oil, gas and electricity) corporations.[16]

So while these major corporations undermine free markets and competition by forming cartels, they actively promote ‘competitiveness’ in the European and indeed, global, economy. Is this a random contradiction? Or is there a more subtle logic to this? Indeed, promoting ‘competition’ on a large scale allows these corporations to gain access to new markets, and being so large already, they are thus given a disproportionate ‘competitive advantage' over much smaller companies, which are forced to 'compete' in the 'free market.' Meanwhile, these large multinationals collude and form cartels with one another so as to protect their collective power and wealth at the top of the socio-economic structure, forcing their suppliers, smaller competitors, and most importantly, labour and workers, to compete in a 'free market.' Thus, while suppliers, smaller companies and labour compete with one another – lowering their prices in order to increase their appeal – this has the effect of decreasing the costs to the large corporations, which pay less to their suppliers, more easily defeat small companies (or buy them up), and pay less for more labour. And so, the world's large corporations have an incentive to promote 'competitiveness' for others while forming cartels between each other, further increasing profits and power.

A History of Influence

The European Round Table of Industrialists' history of influence and collusion for economic gain goes back well before the current economic crisis; and indeed is crucial to understand the nature of the European Union today. ERT has been a major influence since its establishment in the early 1980s, formed in an era in which European corporations were facing increased competition from American and Japanese companies, in which much of Europe was experiencing a recession. In 1982, a series of meetings between the CEO of Volvo, Pehr Gyllenhammar, and the European Commissioner for Industry, Etienne Davignon, led to the idea to form an association of European corporate CEOs which would aim to shape the industrial and economic policies of the European Community.[17]

Formed in 1983, the Round Table brought together 17 top CEOs of European corporations, aiming primarily to promote further European integration, and specifically, to advance the formation of the 'internal market', thus allowing "European firms to develop as powerful competitors in world markets."[18] The ERT successfully sought audiences with powerful European governments, seeking to promote their own agenda through political leaders.

In 1985, Wisse Dekker, the CEO of Philips and a member of the ERT, unveiled his *Europe 1990* plan, which outlined the steps needed to form an internal market by the year 1990. The ERT quickly adopted the plan, and when Jacques Delors became president of the European Commission, the meetings and connections between the Commission and the ERT were greatly enhanced, and in time, the ERT's plan for Europe became the Commission's plan for Europe.

Through their leadership in pushing for the internal market, meeting with and helping to organize political leaders, as well as through their threats to those political leaders to relocate their highly-profitable industries elsewhere if their demands were not met, Europe's major CEOs, organized in the European Round Table of Industrialists, were able to have a profound influence on shaping the European common market and re-launching the project of European integration. EC President Jacques Delors himself acknowledged that in creating the single market, "the business actors mattered; they made a lot of it happen." As Maria Green Cowles noted, "The ERT became a political actor in its own right."

Wisse Dekker, who was largely responsible for leading the push toward a common market, served as Chairman of the ERT from 1988 until 1992. Looking back, Dekker commented that, "I would consider the Round Table to be more than a lobby group as it helps to shape policies. The Round Table's relationship with Brussels is one of strong co-operation. It is a dialogue which often begins at a very early stage in the development of policies and directives."[19]

Jérome Monod, who served as chairman of the ERT from 1992 until 1995, also commented that, "The ERT is not a lobby, but rather a group of European citizens who express their opinions on the best ways to make Europe and European companies competitive on a world-wide basis to politicians, governments, the Commission, and other institutions." Helmut Maucher, who chaired the ERT from 1996 until 1999, further elaborated that, "The ERT is partially a lobby, but not for the interests of individual sectors, but for the competitiveness of Europe. As this is a fundamental concern, which the European public authorities share with us, we are also a privileged partner in the dialogue about these concerns."[20] One ERT member noted that the Round Table "tends to be taken more seriously" by political leaders, precisely "because it is the big industrial leaders [themselves] who go and talk with the Commissioners." This privileged access is continually strengthened by having several ERT members through the years who were also at one time, European Commissioners. For example, Peter Sutherland, who had served as European Commissioner for Competition under the Delors presidency, joined the ERT in 1997, and remained as a member until 2009, while serving as Chairman of British Petroleum, as well as Chairman of Goldman Sachs International and the Royal Bank of Scotland. In an interview, Peter Sutherland stated:

I think the importance of the ERT is not merely in the fact that it coordinates and created a cohesive approach amongst major industries in Europe but because the persons who are members of it have to be at the highest level of companies and virtually all of them have unimpeded access to government leaders because of the position of their companies… That is exactly what makes it different [from other organizations] – the fact that it is at head of company level, and only the biggest companies in each country of the European Union are members of it. So, by definition, each member of the ERT has access at the highest level to government.[21]

That access has been formalized within the ERT, which holds six-month plenary sessions, inviting heads of state and Commissioners to attend, as well as hosting a dinner meeting with whichever government assumes the presidency of the European Council. A delegation from the Round Table typically meet with the president of the European Commission at formal meetings held about twice per year, though, there are also many more informal meetings.

The Round Table was not only significant in moving Europe towards an internal market, but also in pushing for the subsequent efforts at European integration. Peter Sutherland noted that the ERT "did play a significant role in the development of the 1992 programme," as he was a Commissioner at that time, adding that, "one can argue that the whole completion of the internal market project was initiated not by governments but by the Round Table, and by members of it, Dekker in particular." Sutherland also explained that the Round Table "played a fairly consistent role subsequently in dialoguing with the Commission on practical steps to implement market liberalization."

The process of business lobbying politicians has not been a one-way love affair. In May of 2007, then-Prime Minister Tony Blair held a meeting at No. 10 Downing Street with the 45 CEOs of the European Round Table of Industrialists, at which Blair informed the influential executives that, "Business in Europe does not make its voice heard vigorously or often enough," and that it was "important that business steps forward and gives a clear statement on where it thinks [Europe] should be going." During a question and answer period, Blair explained that it was a great challenge to create a "major change" to the structure of Europe's public sector, noting: "It's important not to have policies in public services simply dictated by public service unions."[22] Presumably, then, Blair was suggesting that it was important to have private multinational corporations dictate policies in public services.

It is this convergence of corporate, financial, intellectual, political and ideological elites interconnected through board memberships of companies, banks, policy groups, think tanks, foundations, advisory groups and forums that has led to what billionaire Warren Buffet referred to as a 'class war" in which "my class, the rich class, that's making war, and we're winning." In the European Union, it is their choices that are largely reflected in the merciless austerity measures spreading poverty and unemployment as healthcare, education, social services, welfare and social housing are dismantled; as resources and assets are privatized, workers fired, pensions and social security are cut, workers have their rights and benefits dismantled, and the population is pushed into desperation. It is why the struggle for a different Europe must start first with tackling and undermining the power of those waging this war.

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