ABSTRACT
This article aims to elucidate the way European capitalists reacted to the long crises of the 1970s through the analysis of the European League of Economic Cooperation (ELEC). It starts by introducing the ELEC as the most representative of European multinationals after merging with a rival transnational network: the European Committee for Economic and Social Progress (CEPES). Then it focuses on its 1975 London Conference where three representative strands of the European model of capitalism presented their views on the crises. All shared the view that the crises represented a structural rupture in the social and political legitimation of Fordism, Keynesianism and the welfare state, which put into question Europe’s role in the world. European integration was put forward as part of the solution. A review of four possible scenarios for European integration will be presented in the third section showing the views of a fourth component of European capitalism: Foreign Direct Investors from the USA. The last section will present the way the ELEC reacted to the second oil shock. The article will conclude that European capitalists conceived European integration as an integral element to reform and preserve the particular model of mixed economy and the welfare state in the midst of globalization.

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Introduction
In any serious attempt to understand historically the relationship between capitalism and crises in the process of European integration, it should be an obvious starting point to analyse in which way key European capitalists conceptualized the multifarious crises of the 1970s and their impact on the process of European integration. This is particularly necessary, as many recent books dealing with the crises of capitalism have pointed out the centrality of capitalist groups and neo-liberal ideologues in trying to come to terms with the reconfiguration of capitalist globalization under Cold War conditions during the long 1970s. In particular, historical political economists have concluded that it was during this period of the long 1970s when the centrality of the informal US empire for the development of European and Japanese capitalisms in both the production and financial sectors of national economies was consolidated. The crisis only
accentuated the making of global capitalism as a central pillar of the American empire, with European and American economies becoming more, and not less, intertwined after the fall of the Bretton Woods system. This was translated into the growing importance of transatlantic business clubs like the Bilderberg Meetings and the Trilateral Commission, which contributed to the increasing interpenetration of national bourgeoisies with the US Empire.¹ For these scholars, there was no specific model of European capitalism that was distinct from American capitalism; they were therefore without an autonomous project for European integration separated from that of American multinationals. We will demonstrate in this article that such a project carried out by a transnational European network actually existed for a long time and that the crisis only accentuated its importance and willingness to find a European solution.

For their part, the most recent histories of European integration have concluded that the 1970s, far from being just a period of paralysis, were a decisive decade for the relaunching of European integration in the mid-1980s.² This was mainly done through the process of the growing political involvement of transnational business in the definition of a European industrial policy and a single market represented by the proactive contribution of the European Commission.³ Such European cooperation between networks of large multinationals and European institutions is often associated with the creation of the European Round Table of Industrialists in 1983.⁴ Contrary to this generalized view among other social scientists, historical research has made clear for a long time⁵ that the roots of this close cooperation between multinational corporations and European institutions can be brought back to the origins of European integration,⁶ reaching a growing level of direct cooperation before the crisis of the 1970s.⁷ The central question not yet fully integrated in the recent literature about the history of European integration is the role played by such transnational associations in building the views that the European business community holds about European integration.⁸ Even when the process of European integration has encouraged the creation of many sectorial lobbies and business interest associations, there were only few associations specifically organized to monitor, discuss and influence the process of European integration in the context of the Cold War.⁹

The most influential and enduring actor representing large European multinationals was the European League of Economic Cooperation (ELEC). Created at the very beginning of European integration by businessmen mainly coming from France and the Benelux countries, it was in direct relationship with the European Movement, of which it was a founding member.¹⁰ It shared this leadership until the late 1960s with a rival network: the European Committee for Economic and Social Progress (CEPES). Directed by the Italian and German business establishments, CEPES was originally encouraged in 1952 by US business networks in the context of the Cold War with the exclusive aim of influencing the process of European integration.¹¹ From the end of the 1960s until the mid-1980s, CEPES disappeared in favour of the ELEC, which became the most relevant transnational association of business leaders until the creation in 1983 of the European Round Table of Industrialists (ERT), which progressively took over the ELEC during the second half of the 1980s as the most influential club of the biggest European multinationals influencing the process of European integration.

This paper will analyse the nature and evolution of the debates within the European League of Economic Cooperation during those years of the crisis, making use of some
of its central publications and debates, which serves to put into a wider perspective the various interpretations of the economic crisis and the solutions that they suggested at the European level. A first section will present the way the ELEC absorbed CEPES in the late 1960s by creating its Italian section, marking the triumph of this European network over CEPES, which included American multinationals. Since 1968 the ELEC became the key forum of reference for various strands of large European corporations, both public and private, industrial and banking, and including trade unionists and businessmen. A second section will present in detail the content and speeches presented by the ELEC in 1975 at the special conference dedicated to the crisis of the 1970s, in order to lay out the particular views that these various strands of European business had on the capitalist crisis and the way to use European integration as a solution to this structural crisis. It will present, in a third section, the analysis and scenarios pushed forward by the most relevant US multinational of that period present in Europe, General Motors. This will allow us to draw conclusions about the way, after the second oil shock, the ELEC conceived the structural crisis as a crisis of competitiveness which required a structural transformation of the European model of capitalism which was always presented as a third way based on organized capitalism and the reform of the welfare state. This was clearly distinct from the American model of liberal capitalism and from the state socialism of Eastern Europe.

European business networks in the 1970s: the new centrality of the ELEC

The birth of the ELEC dates back to 1947 and the Independent League for Economic Cooperation created by the former Social-Christian prime minister of Belgium Paul Van Zeeland, and the founder of the transatlantic Bilderberg Meetings, the Polish exile Josef Retinger. Originally financed by the US State Department through the New Dealer Adolf A. Berle and the steel trust ARBED from Luxembourg, the ELEC was directly linked to the European Movement, as its autonomous branch specialized in economic and social questions. Despite its precociousness, it was not until 1968 when the ELEC became the most important and relevant transnational association specifically dedicated to elaborating the positions of business elites into the process of European integration. This was because after the creation of the European Coal and Steel Community (ECSC), a new rival association, CEPES, was created in 1952 in direct and explicit competition with it.

In particular CEPES had been encouraged by the US business association, the Committee for Economic Development (CED), and the Ford Foundation at the initiative of the exiled German professor, Karl Brandt, and was under the leadership of the Republican businessmen, Paul G. Hoffman, chairman of automakers the Studebaker Corporation, founder of the CED, and leader of the European Cooperation Administration (ECA) which administered the Marshall Plan. The CED wanted CEPES to provide an interlocutor on ECSC–EEC topics, as they shared a conservative and anti-trade union stance. This contrasted with the LECE, which was larger in scope (including the UK and Nordic members) and more inclusive, as it admitted not just businessmen, but also trade unionists and politicians from all horizons, including socialists. CEPES was dominated by the Italian and German establishment of large industrial firms, led by the CEO of the industrial holding FIAT, Vittorio Valetta, and
Fritz Berg, leader of the German Business Association (BDI). If relevant politicians from these two countries, like Ludwig Erhard, were supportive of CEPES, it had a less important position in France. In that country, former Vichy leaders like François Lehideux, at the time CEO of Ford France, were in discussions with the other CEOs of the French subsidiaries of US multinationals. They had little weight in relationship to the ELEC, led in France by Edmond Giscard d’Estaing, president of the French section of the International Chamber of Commerce, and an investment banker representative of colonial capitalists who dominated the French section of the League.\footnote{14}

The ELEC, aware of the negative impact of this division for its credibility as a representative forum, aimed to find an agreement for cooperation with the American-sponsored CEPES. CEPES consistently rejected these requests and maintained its monopoly as the counterpart of the CED in treating economic issues of global importance for the free world like the General Agreement on Tariffs and Trade (GATT) and other elements related to the economic stability of the Western Bloc, even when the views of European and US members of CEPES became strongly opposed on some of these key topics.\footnote{15} This antagonism between the ELEC and CEPES fundamentally changed when the powerful Italian CEPES committee saw a change of leadership with the retirement of Fiat’s top manager, Vittorio Valletta, and his replacement as president of the Italian multinational by Giovanni Agnelli. In 1967 this majority shareholder of Fiat decided to put an end to CEPES in Italy and integrated the ELEC.\footnote{16} Such a dilution of CEPES into the ELEC was carried out at a dinner organized in Rome on 29 November 1967 by the President of the ELEC, Baron René Boël, president of the Belgian multinational, Solvay. He had received a letter of agreement from Giovanni Agnelli with a list of Italian businessmen to be included as founding members, even when the president of the Italian multinational rejected presiding over the new Italian ELEC section.\footnote{17} In his letter Agnelli pointed out ‘the need to proceed to the coordination of various European initiatives’ which most likely referred to the recent creation earlier in that year of an informal network of leading industrialists at the initiative of the former manager of the Dutch company Philips, M. Von Geldern, with the aim of exchanging views on European affairs. This Groupe des Présidents des Grandes Entreprises Européennes was a joint creation of Boël and Philips and included Giovanni Agnelli, but also the CEOs of Pirelli, Siemens and the French Compagnie Générale d’Electricité.\footnote{18}

The best way to understand the evolving nature of the ELEC at the end of the 1960s is by looking at the speech delivered by Boël to the establishment of the Italian industry, which met on such important occasion. After giving thanks for the active contribution of Giuseppe Petrilli, the Christian-Democratic president of the Italian Institute for Industrial Reconstruction (IRI) and international vice-president of the European Movement, Boël made clear that the aim of the ELEC was to encourage European integration as ‘large and quick as possible’. This meant that such an endeavour went beyond the core group of the Six to reach the European Free Trade Association (EFTA), Eastern Europe and the transatlantic partners. The ELEC was not ‘a mass organization or a scientific society staffed by technical experts’ but ‘a pressure group whose role is foremost to launch ideas and use […] its influence to make them happen’. The distinctive social background of its members was also very exclusive, associating with ‘mostly industrialists and bankers, but including also economists with scientific
reputation in European and international organisations. The common political denominator was also explained as ‘Europeans of liberal tradition, men of goodwill, independent both from governments and from industrial or professional federations. Beyond personal and national interests, each of our members aims to become the avant-garde of a European intelligentsia.’ The organization was carried out by national committees, but also transnationally through international committees (like the permanent committee on economic and monetary affairs) and conferences. Decisions and opinions were delivered by consensus through the unanimous decision of the ELEC Central Council where all member-countries, including non-EEC members, were represented.\footnote{19}

This successful meeting drove directly in January 1968 to the legal constitution of an association of Italian law. In 1971, Boël and Agnelli asked the former European Commissioner, Ambassador Guido Colonna di Paliano, at the time president of Rinascente, a subsidiary of Fiat, to lead the Italian section of the ELEC, becoming in 1973 also the new president in charge of the ELEC Economic Committee.\footnote{20} This Economic Committee became the central stage of the contribution of the Italian ELEC section which materialized through the organization of two central reports: one dealing with the role of the EEC in the world in relation to developing countries and the Communist Bloc;\footnote{21} and the second on the competitiveness of the European industrial sectors.\footnote{22} Indeed, both issues were very much in line with the career of Colonna, both a former vice-secretary general of the Organization of European Economic Cooperation (OEEC) and the North Atlantic Treaty Organization (NATO), and former European Commissioner in charge of internal market and industrial affairs (1964–70). But they also corresponded to the increasingly relevant role that the ELEC started to play on the international level, consecrated in 1971 by its nomination as an international association with consultative status in the UN system, rewarding its efforts to reconfigure East–West relations.\footnote{23} The ELEC conferences served to prepare the reports of this Economic Commission, and became the crucial moment for building key reflections of the whole ELEC about the economic crisis. This was the precise topic of the central conference of the ELEC dedicated to this issue in London on 25 and 26 September 1975. This is the central document which provides us with a substantial overview of the interpretation of the crisis by the participants, who were 120 key figures who came not only from the various ELEC sections, but also from the most relevant European business associations and networks (the association of European businesses [UNICE], the International Chamber of Commerce, the European Management Forum from Davos, and so on).

The 1975 ELEC conference on the crisis: structural causes and consequences for European integration

The conference was timely in two particular ways.\footnote{24} The first was that it took place in London nearly two months after the positive resolution of the British referendum confirming that the UK would remain in the EEC. This was something emphasized by the chairman of the British section of the League, Graham R. Dowson, who hosted the meeting under the attentive eye of the two co-presidents: Geoffrey Rippon, former negotiator for UK accession under the Heath government; and Sir Geoffrey de Freitas, a Labour MP who held the presidency of the Council of Europe. Together with the
European Movement, the ELEC had been the main driver of the 'Britain In Europe' campaign. It is, therefore, not strange that both the president of the European Movement, Jean Rey, and its secretary general, Robert van Schendel, attended the meeting. A former president of the European Commission until 1970, the social-liberal Rey shared this occasion with his former head of cabinet Raymond Rifflet, a founder of the Socialist Movement for the United States of Europe, and at the time deputy director-general of social affairs at the European Commission. The European Commission, presided over by François-Xavier Ortoli, was also represented at the highest level by its vice-president, the Belgian Socialist Henri Simonet, who underlined the second concern, which framed the whole exercise of the conference: the final drafting of the Tindemans Report on the European Union, which they aimed to influence.

The main speeches were attributed to three central businessmen, which in 1975 represented different strands of European capitalism: the British Sir Derek Ezra; the Italian Giovanni Agnelli; and the Belgian Louis Camu. The interpretations of the crisis were not completely coincident, but provide us with an overview from three business leaders who were in crucial positions in the European business community. Let us analyse them in detail, because they were representative of the European model of capitalism: mixed economies with state-owned companies competing with multi-divisional industrial holdings and investment banks with industrial portfolios.

Derek Ezra was at the time the chairman of the National Coal Board (NCB) and for many years also chairman of the Europe Committee of the Confederation of British Industry (CBI). He had been pivotal in the elaboration of the CBI report 'Britain in Europe'. At that time, Ezra was involved in solving the crisis of the NCB after the miners’ strike of 1972 with a proposal for the reduction of working time to three days in 1973, and the launch of a Plan for coal in 1974. The NCB was also a member of the European Community Public Enterprise association (CEEP), which brought together at a European level the companies of the public sector, dominated until that point by French (EDF and SNCF) and Italian energy companies (IRI-ENI).

The title of his speech was telling – ‘Long-Term Solutions are Needed for a Complex Crisis’ – making clear that any attempt to ‘manage’ the crisis implied a correct interpretation of its structural causes. He discarded right away the idea that this was just a classical trade-cycle crisis between two cycles of growth, characterizing it instead as a structural crisis, which raised four new issues. Following in the steps of the Club of Rome, he took the view that there was a ‘moral question’ about economic growth, which allowed him to talk about a crisis of values, or a spiritual crisis. The second element was related to the crisis of legitimacy for large organizations like firms and nation-states during times when citizens had a higher level of education and information. This improvement of their critical capacity brought them to contest decisions taken by leading organizations as demonstrated by the political return, even by violent means, of regionalism. The third issue was related to the environmental challenge. This included the question of the quality of life in times of economic development, as the European Commission had already foreseen at the Venice Conference organized in April 1972 by the Socialist commissioner Altiero Spinelli. He quoted a fourth question derived from his experience negotiating with British trade unions: the growing concern of citizens about social inequality and the redistribution of wealth. These four questions
made it clear that capitalism was at the ‘threshold to a new phase more sophisticated’ and complex, which would not be solved just by a regular return to more growth and profit.

For Ezra, the short-term effects of this general capitalist crisis in European countries were inflation and unemployment, associated into a negative spiral. Considering the market interdependence created by the European integration of Western economies, there were no individual solutions to such a problem. Adopting myopic recipes to deal just with these effects without tackling the structural causes would expose Europe to the risk of adopting simple counter-cyclical policies resulting in an ephemeral recovery which would form the basis of the next downturn, increasing the dramatic misallocation of resources. This was the complexity of conceiving a proper European management of the crisis based on a coordination of policies with a clearly defined strategic concept: building an ‘outward going’ united Europe prepared to integrate those European nation-states currently outside of the EEC. Now that the issue of UK membership was solved, it was possible for the EEC ‘to be back to its main job’ in defined stages as announced in the Tindemans Report.

Ezra obviously put into a greater perspective the alternatives for re-launching European integration that he had been working on as chairman of the Europe Commission of the CBI. These included four stages dedicated to four key European policies and the reform of European institutions in order to create a more streamlined organization. At first, he encouraged the development of monetary integration through a European currency but starting, in a pragmatic way, with monetary support facilities. Then, it was to be the development of a genuine industrial policy based on putting an end to obstacles to industrial trade and fair competition rules. If these were at the time top on the agenda for the reformists, the most original claims, coming from the British debate, were the simultaneous development of regional and social policies. The issue was not just to obtain funding for regional development, but that it was rather vital to solve economic imbalances between territories and decide whether the priority was supporting the weakest regions, or encouraging migration from declining territories to the most economically advanced regional economies. The articulation between these two policies was crucial to deciding on how to proceed for the allocation of this new European funding.

Giovanni Agnelli agreed with Ezra about the new structural nature of the crisis, which made it different from previous recessions typical of the Golden Age of economic growth, when ‘business cycles were a thing of the past, a subject for economic historians’ and Keynes ‘had been proved right’ that in two generations economic problems would have been overcome. The Italian business leader concluded that ‘after years of apparent success, the reputation of economists came under question’. His own interpretation of the crisis echoed the recent ‘The Crisis of Democracy’ report of the Trilateral Commission (1975) of which both Agnelli and Colonna had been prominent founding members. He analysed the crisis, therefore, as partly the price to be paid for high expectations from emerging new demands and new social needs. Such internal social change had evolved into an uncontrolled and unbalanced growth, and translated into ever-accelerating inflation, which drove social unrest and the spread of social violence. Such internal problems generated by capitalism in Western societies was to be coupled with three particular problems coming from international relations which
prevented a return to pre-crisis growth levels: the end of Bretton Woods; the impact of the oil shock; and the rise in the price of raw materials. The consequence of these internal and external factors had a straightforward effect: ‘industry finds itself at the defensive’ in a hostile social and political environment.

In that precise moment, Giovanni Agnelli was at the forefront of the defence of the legitimacy of multinational corporations at the world level. From 1971 he had joined the International Advisory Board of the Chase Manhattan Bank at the request of the Rockefeller brothers with whom they created in 1973 the Trilateral Commission, which formalized the more episodic Bilderberg Meetings. From May 1974, he also became the president of the Confindustria, the Italian employers’ association, and had signed in January 1975 a national pact with Luciano Lama, the secretary general of the communist-led General Confederation of Italian Workers (CGIL), strengthening the automatic indexation of wages in order to reduce the high level of industrial conflict and terrorism in Italian factories.29

In his opinion, the challenges for the survival of the European industrial establishment he represented were fivefold. At first, industrial businesses needed to address negative externalities such as pollution with the development of clean technologies. The second was to bridge the developed and the developing worlds to improve global political relations. Agnelli acknowledged some responsibility for the abuse of multinationals’ power towards developing countries, and in those days he championed the creation at UN level an international code of conduct for multinationals. This new political role for multinationals would serve to improve interstate cooperation at the global level with long-term objectives on fair access to world resources with an adequate pricing system. The third challenge was that of innovation, with a tension between its potential and growing social rigidity in developed countries. It was necessary to have ‘greater flexibility in the distribution of productive capacities over the world and the utilization of diversified and adaptable technologies’. The condition for this deep transformation of multinational companies into true global businesses was the object of the fifth challenge: adequate financing. Here the request for global capital markets was straightforward, considering that the capacity of self-finance was exhausted, according to Agnelli, due to the growing workers’ demands on wages eroding the margins of large corporations. Such global capital availability was only possible with a stable world monetary order, including the currencies of the new economic centres created by the rise of raw materials. The last, but not least important challenge remained that of internal power in managing large industrial corporations. The increasing demand for ‘growing security and more binding guarantees’ resulted from ‘a militant dissatisfaction at the workshop level and despondency and frustration at the clerical level’. This early defence in favour of the creation of a corporate social responsibility towards workers and local communities was to stay and would redefine the social role of industry vis-à-vis trade unions and governments. For him there was no doubt that this ‘is perhaps the biggest effort industry is making to adjust to a changing society’.

Agnelli made it no mystery that he was one step ahead of the other businessmen in his appraisal of the new phase of global capitalism. He was of the opinion that if by 1945 supranational markets were thought to be of the optimum size at 150–200 million inhabitants, like those created by the EEC, future markets would become truly global. The new era to come required international political cooperation in order to preserve
world peace by eliminating tensions between the North and the South. For Agnelli, there were two tests for this cooperation: the first was a global resolution of the energy crisis, whereas the second implied the creation of a new international division of labour including the new emerging economies of China, Brazil and Iran. Such cooperation would need to include various key issues: stable prices for world products by political agreement; scientific cooperation to confront joint problems like the scarcity of energy; monetary and financial stability to avoid problems for the trading system; and the removal of barriers to capital movement. Agnelli also did not hide his support for the free movement of labour between North and South in particular when some European countries were pushing their guest workers to go back home. This new international cooperation required writing new rules of the game to avoid a rupture between the North and the South, to which the ‘innovative drive of industry’ might contribute by adopting a code of conduct to operate within rules.

If Agnelli’s intervention had a much more global perspective, the European programme of the ELEC was presented by one of its key leaders: Louis Camu, president between 1952 to 1975 of the Banque de Bruxelles, which had just merged in that year with the private investment bank, Lambert Bank. This new bank, BBL, became the country’s second bank, with relevant investments in industrial and energy matters. Camu had been since the creation of the ELEC one of the leaders of its Belgian section, as well as of the ELEC central committee, where other important bankers like the longtime president of the administration board of the Deutsche Bank, Hermann J. Abs, also sat.

The analysis of the Belgian banker on the crisis of confidence in the old economic order was coincident with the previous two speakers: there was disillusion with the philosophy of growth, which made necessary a fundamental change in the previous economic system. Europe was able to contribute to this change with the development of three fields: economic and monetary union; tackling unemployment; and developing a whole new set of policies for developing countries in order to build a fairer and workable new economic order. This last point was considered crucial following the signature in 1975 of the Lomé Convention, which allowed for special EEC measures in favour of developing countries by stabilizing the prices of raw materials despite the complaints of the US government.

On the domestic side, the legitimacy of the European project was to be preserved by having an active unemployment policy, which would show to working-class and trade unions that ‘Europe is doing something for them’. For the Belgian banker, the solution to the more than three and half million unemployed was not to be solved by just stimulating demand, because this will cause inflationary risks without solving the problem, as the majority of this unemployment was structural and not cyclical. Therefore, the most important measure was to encourage investments, in particular in those countries with a surplus in its balance of payments. Such investments would bring changes in production equipment to respond to the new redistribution of wealth at the world level following the globalization trends quoted by Agnelli. If those investments had to be national, the protection of the unemployed had instead to be Europeanized. Following the suggestion of the European Commission, he requested a Community Fund for the Unemployed, which would be fed by wage contributions and independently administered jointly by trade unions and employers in order to elaborate
and finance measures for training, as was the case in the ECSC. This Fund will contribute with a European Community Allowance, which would complement the other unemployment benefits administered by national unemployment offices. In sum, it was a first step towards a social security system at the European level to combat structural unemployment with active policies.

However, the most important of the proposals put forward by Camu came in the domain of economic and monetary union. This resulted to a large extent from the work developed by the ELEC Commission on Monetary Affairs presided over by the president of the managing board of the third bank of Belgium, Kredietbank, Luc Wauters, who had been the author of the ELEC opinion sent to Tindemans in June 1975 on this topic. Camu suggested that European economic and monetary union was not a choice but an obligation in a context of growing inflation with unemployment, a floating currency system and competitive devaluations creating a fatal danger for the world order. The way forward in this case required making clear that as a return to the Bretton Woods system was impossible, the only alternative was the creation of a coordinated zone of exchange stability with a pragmatic application of the theory of an optimal monetary zone. Camu presented some of his proposals, derived from the conclusions of the Marjolin Study Group to which he had also been a member. Chaired by the former EC Commissioner of economic and monetary affairs, Robert Marjolin, the Study Group had just handed its report to the Commission in March 1975.30

There were three stepping stones in what constituted an exercise of collective sovereignty: the coordination of internal and external monetary policy through common guidelines; an Exchange Stabilisation Fund which would be able to raise higher loans for short-term support facilities for countries with balance of payments difficulties, before resorting to the already existing European Fund for Monetary Cooperation (FECOM); and, last but not least, the introduction of a new European unit of account denominated in terms of European currencies at an agreed ratio with the aim of opening the path towards a stable European currency which would be used in European capital markets. According to Camu, such a proposal was much less ambitious than those agreed by the ELEC study coordinated by Wauters, which supported the creation of a pooling of reserves for the creation of a European central bank and a European currency. However the complete failure of the Werner Plan showed that it was better to have a more practical and pragmatic plan, like the one presented in the Marjolin Report, to avoid the opposition of central bankers.

Indeed, the ELEC contribution to the Tindemans Report was more federalist than the pragmatic approach suggested by Camu in London few months later. In this ELEC contribution sent to the Belgian politician in July, what was also very clear was the need to reach economic and monetary unification through three particular measures: the increasing harmonization of economic policies to avoid putting in danger the common trade policy through unilateral devaluations; the increase of the solidarity mechanism between countries through a larger role for the European Bank for Investments with guaranteed EC loans in the new European currency; and last but not least, by increasing in funding capacity the existing FECOM, guided by a European strategy for stability. The ELEC bankers were not ambiguous: without a defence mechanism against external speculative movements and mutual aid to countries with temporary difficulties, it was not desirable to continue on the road towards liberalizing capital movements.
Of course, the ELEC vision for creating a European Union went further than just the monetary issue. It followed the position of the European Movement that a newly elected European Parliament would have to elaborate the project of a European Constitution. Such a Constitution would need to include a coordination of foreign, defence and security policies, with special attention paid to a common energy policy. However, they made it clear that it was a false dilemma to believe that the economic and monetary aspects were the first step towards a European Union, but rather a parallel and mutually supportive development of political union. The reason was precisely that they implied sharing sovereignty and a transfer of competencies to the European level and therefore a path towards political unity.31 Such a conclusion was similar to that of the socialist vice-president of the Commission in charge of taxation and energy, Henri Simonet, who underlined in his closing speech at the ELEC conference in London that:

The European Community never was just an industrial custom union with an agricultural policy attached to strike a balance of interests. Nor was economic or monetary union ever the ultimate ambition. These were never more, never less, a pragmatic approach to wider political objectives.

With such a blessing from the Ortoli Commission, Jean Rey delivered the closing speech to the international ELEC meeting in London. Rey had just quit the administration board of the Dutch multinational Philips in 1973, but maintained his central role as president of the administration board of the Belgian investment company specialized in energy, SOFINA, and president of the Arbitration Court of the International Chamber of Commerce in Paris. In this sense, he had also become a legitimate interpreter of the opinions of the European industrialists. He suggested the ELEC bring the conclusions of these debates to the prime ministers, the president of the Commission, the Council, the Central Banks and the secretary general of the International Monetary Fund (IMF) for these monetary and economic suggestions. They were eventually discussed in the Congress of Europe organized by the European Movement in Brussels between 5–7 February 1976, and attended by some of the most important leaders of the 1970s and 1980s like Willy Brandt, François Mitterrand, Gaston Thorn, Giulio Andreotti and Helmut Kohl, as well as the IRI’s president Giuseppe Petrilli, who replaced Rey in 1978 as president of the European Movement.32

The European integration of American multinationals: the four scenarios of General Motors to tackle the crisis

But the picture of European capitalism would not be complete if we did not also include a specific component of European capitalism: American multinationals operating in Europe and which had been directly involved in CEPES before its dissolution in the late 1960s. One of the most relevant was the automobile company General Motors (GM), the first US multinational, in the 1970s. In 1975, its European Advisory Council discussed a paper drafted internally reviewing the state of the European Community with four scenarios for the future. The contents of such an original paper deserves a short presentation to provide a contemporary counterpoint to the elements discussed by this last component of European capitalism: American multinationals with important foreign direct investments in the European economy since the interwar period.
The paper summarized the view of the GM experts on the topic (in this case legal and economics experts following European affairs) and was submitted to the discussion of the European Advisory Board where the former European Commissioner Robert Marjolin had sat since its creation in 1973. The focus was not just on the EEC policies affecting GM interests, but also provided diagnosis and foresight on what was to be expected in terms of institutional change in those times of uncertainty. The document made no secret of the fact that the ‘hopes that European supranational institutions would eventually develop into a “United States of Europe” had been dealt serious blows in recent years’ but that the European Community was still viable. The analysis departed from the Paris Summit of December 1974, which gave birth to the European Council. The creation of the Council was considered a ‘definitive effort to achieve smoother economic integration through political cooperation’ to tackle the ‘three-dimensional crisis of oil, hyperinflation and unemployment’. Among the decisions taken in Paris they underlined the direct election of the European Parliament, which would transform it from ‘a debating society’ into a proper legislative body. The other relevant evolution was the likely return to majority voting, with a restriction of veto rights to minimum vital interests, and the ‘determination to adopt common positions in foreign affairs and to coordinate diplomatic actions in areas affecting the interests of the Community’. The analysts from GM were clear about the role of the Tindemans Report, considered as the attempt to keep ‘federalist hopes alive, but effectively postpone debate about this sensitive issue until a more opportune time’.

On concrete policies, competition policy was considered among internal market policies as the most efficient against ‘European and multinational firms, including international oil companies, IBM and General Motors’. On the other elements related to the harmonization of company law and regulation of multinational corporations, the analysis made clear that despite the action of the Commission, these issues were ‘stalled’, due to the requirement for workers’ participation on the latter and the complexity of dealing with transfer prices on the former. They were more optimistic on the issue, which directly affected the automobile industry, namely, the harmonization of safety and environmental regulations, which GM fully supported in the terms of an EEC ‘type-approval’ procedure for motor vehicles. However, considering the divergence between environmental standards from both sides of the Atlantic and the resistance of member states to transposing environmental directives, they did not expect ‘harmonisation of environmental vehicle matters until at least 1980’. The other relevant elements for the automobile multinational related to EEC energy and transportation policies were blocked by the divergent interests of larger member states. Progress on monetary and economic policies also looked bleak, despite nice words and promises of policy harmonization.

After such an analysis of the state of integration in the context of the crisis, the GM experts presented the four scenarios for the future. The paper took the precaution of qualifying these scenarios on the basis that ‘no economic Depression or major political upheavals will take place’. The first scenario was that of a ‘halt in European unification and a gradual disintegration. Public opinion in several key nations swings away from cooperation and towards nationalism’, which would also bring trouble for other institutions like NATO or the UN. In such a scenario, stronger member states will seek bilateral arrangements with the US, Japan and Eastern Europe. In particular
Britain would attempt ‘to renew old Commonwealth arrangements after voting to leave the Common Market’, whereas France would take similar steps with its former African colonies. In this scenario EEC institutions would wither away and protectionist forces weaken the customs union with the collapse of economic and monetary unification.

The second scenario forecast was the developing of the Community into a ‘multi-layered economic institution’ under the pressure of economic and political obstacles and the pressure for enlargement. This Europe at four speeds would have allowed a first core of closer integration, with a second tier of weaker economies breaking away from the avant-garde and participating just on marginal issues. The third tier would include those countries not yet members of the EEC like Norway, Spain, Portugal and Greece. A fourth tier would be made of ‘developing nations which are achieving rapid industrialization, including members of OPEC’. In this scenario, antagonism between EEC institutions and member states with ‘power struggles take place, causing delay and confusion. Bilateral dealings between heads of government replace coordination at the Community level in many areas.’ Each layer would have its own speed, with the EEC institutions in charge of coordinating the various speeds.

The third scenario would see the EEC evolving into a ‘strong Federalist state in which community interests prevail’. Under this scenario a slow but continuous transfer of sovereignty would be made from member states to EEC institutions, with the new European Council providing guidance. On internal market policies the European Commission would manage to harmonize tax and company laws developing ‘unified policies on competition, multinational corporations, safety and environmental matters, energy and raw materials’. The customs union, for its part, would become complete and monetary integration intensified through a common currency ‘based on a “basket” of current European currencies’. If in labour and employment policies the EEC ‘moves aggressively in areas such as co-determination, guest workers, unemployment, non-discrimination in employment, and the European Social Fund’, foreign policy would remain in the hands of member states, even when the EEC managed to speak with ‘one voice’ on international issues.

Last but not least, the fourth scenario would be that of a ‘Confederation of National Governments in which national interests remain in control’ by the increasing growth of the European Council with the Council of Ministers becoming ‘a figurehead institution’, but in which the European Parliament became the major counterweight. In this case there would be a division of tasks with a limitation of the competencies of the European Commission to competition, agriculture, company law, safety, environment and consumer protection, whereas the European Council would take leadership in the new areas of energy, regional development and raw material policies as the minimum common denominator between member states. If some progress were expected with a common currency and a completion of the customs union, the successful harmonization of taxes would not include personal income tax rates or social welfare payments, but just a common Value Added Tax (VAT) with some uniform corporate taxes. This division of competences between member states and the community institutions would not decisively affect labour and employment policies, which would remain in the hands of the member states even when it was envisaged some were avant-garde in particular areas like co-determination. On foreign policy the European Council would take the
lead, leaving the Commission the role of a simple administrator of commercial initiatives.

Unfortunately we lack the minutes of the internal debate relating to this internal paper, but this strategic document provided us with the various alternatives for European integration that were contemplated by this American multinational in the midst of the world economic crisis. It has helped us to put into perspective the ELEC position during the London Conference, making clear that the crisis of the 1970s had opened within capitalist classes a structural reflexion on the future of European integration as part of the European solution to the effects of global turmoil.

**Conclusion: reforming the European model of capitalism**

This article has made use of the publications and debates of the ELEC to present the interpretations by European capitalist circles of the causes of the crisis of the 1970s and the required changes in European integration in order to effectively solve its effects upon the original model of economic development created after the Second World War: welfare state capitalism. This is not, indeed, an exhaustive overview of all industrialists’ associations and factions. However, by contextualizing and describing in micro-detail the particular role and positions played by these selected leaders of the ELEC, we claim that they are representative of the diagnosis and remedies proposed by the various strands of European capitalism.

The major conclusion for the debate about the history of European integration is that it confirms the hypothesis that the path towards the creation of the European Union in the 1980s after the Single European Act and culminated with the 1992 Maastricht Treaty finds most of its early roots in these debates linked to the crisis of the 1970s. They also show the early awareness and engagement of European business elites with a fundamental deepening of the process of integration, which they considered necessary to surmount the challenges of the new world marked by a structural crises of capitalism. Even American multinationals like General Motors saw further European deepening as a likely scenario, which could be undertaken only under certain conditions, even when they were not so ambitious as European public and private economic actors represented by the ELEC.

The content of this article shows that social scientists writing about European integration tend to overestimate the creation of the ERT in 1983 as the key moment for transnational business activism. This article demonstrates that this was already in motion much earlier through the leading role played in those years by the ELEC. Most of the existing historical literature on business circles has also tended to downplay the central role played by CEPES and the ELEC despite their obvious role as key networks of European and Atlantic networks. This article focusing on the ELEC during the 1970s provides us with new documentary evidence that prominent European businessmen mobilized politically for larger political integration beyond their narrow business interests, carrying out their own European solutions to the world crisis. Even investment bankers considered that the European institutional framework in which capitalism would resolve its crisis was as important or more important than the financial or monetary profit obtained from its resolution. They even pushed for a European dimension of the welfare state as we saw in Louis Camu’s proposals for a European...
unemployment benefit. In this sense, the ELEC in the 1970s represents an exemplar case of a general intellect of European capitalists aiming to solve the governance of the Western World from the uncertainty created by crisis through an institutional deepening of European integration.

Of course, such a conclusion implies abandoning the neoliberal mythical account – uncritically accepted even in critical scholarship – that global capitalism or American-led globalization meant increasing liberalization through a free-market economy created by leading multinational companies looking to escape from crisis. In this case, we can see that creating an institutionalized supranational market was just one aspect of capitalist interests, and not necessarily the most relevant. European institutions for polity-building, like those related to a single currency, external relations or welfare policies were much more important and relevant in their own right to maintain the long-term stability of the national compromises in which ultimately all these business actors were deeply embedded. In brief, what European capitalists asked for after the crisis was a deeper European re-embedding of markets in order to maintain their specific model of mixed economy and not the instauration of an imported American or Japanese model. They did not push for the restoration of the capitalist model coming from the interwar period that many of the ELEC speakers had personally experienced. In this sense, we can conclude that by the early 1980s, the four business elites presented in Europe (public enterprises, family holdings, banks and foreign US multinationals) still aimed to rescue the European model of the welfare state by reforming its basis with a deepening of European integration, which would compensate regionally the collapse of the Bretton Woods system of embedded capitalism.

This shared position remained in place after the impact of the second oil shock, as concluded at the ELEC conference on the competitiveness of European companies organized in Paris in June 1981 under the presidency of Pierre de Calan, the new president of the ELEC economic commission. De Calan was at the time the president of the French subsidiary of the British Barclays Bank after a distinguished career in the engineering company Babcock and Wilcox, which had brought him to become in the 1970s vice-president of the Association of French Businesses (CNPF). A liberal and Catholic member of the elitists Inspection of Finance, he could be considered one of the representatives of neo-liberalism in France. At that ELEC conference he made the summary of the conclusions carried out after the interventions of other businessmen (the CEO of the multinational Nestlé and the Chief Economist of the French bank Société Générale) and politicians like the European Commissioner for Industry, the Christian-Democrat Karl-Heinz Narjes, the socialist Pierre Uri, drafter of the Treaty of Rome, and the conservative Catholic Baron Jean-Charles Snoy d’Oppuers, also negotiator of the Treaty of Rome and new president of the ELEC Belgian section. The major conclusions were that in order to recover the competitiveness of European companies after the second oil shock, what was needed was a reduction in production costs, an expansion of activities without renouncing traditional activities like agriculture and a massive investment in research and the training of workers to manage the structural transformation of the economy. This has accentuated the need for the EEC to harmonize three major policies: energy with a development of nuclear energy; agriculture; and monetary integration with the need for the creation of a European Monetary Fund. The bottom line of their conclusions was that after years of
maintaining a high standard of living it was necessary for Europeans to accept a ‘period of austerity’ to allow companies to carry out such investments, even when it might raise the opposition of trade unions and workers.

Indeed, a nascent neo-liberal turn could be seen in these new debates, but no change was really still possible in the context of the Socialist victory in France in 1981. This quickly brought the ELEC to tackling the acute topic of the coexistence of public and private enterprise in the Common Market, as a sign that European capitalists and managers of European companies were still convinced of the need to cooperate and discuss within the ELEC in order to maintain a mixed economy which would respect the European model of capitalism whose core was its welfare state, including its state-owned companies.40

Notes

1. Panitch and Gindin, The Making of Global Capitalism, 1–21.
2. Bussière et al., The European Commission.
3. Badel and Bussière, François-Xavier Ortoli.
4. Van Apeeldorn, Transnational Capitalism.
5. Grosbois, "Le rôle de quelques réseaux."
6. Ramirez Pérez, “Transnational Business Networks.”
7. Rolls and Kipping, “The CEIF.”
8. Ramirez Pérez, “Fashions: Business Practices in International Perspective.”
9. Dumoulin and Dutrieu, La Ligue Européenne.
10. Historical Archives of the European Union (HAEU), Florence, Archives of the European League for Economic Cooperation (ELEC Archives), LECE/0198/01, Secretariat de la LECE, Historique du Comité Italien, 05-03-1982.
11. Idem., Letter of Giovanni Agnelli to Baron Boël, October 27, 1967.
12. Pageaut, “Sociogenèse d’un club.”
13. Idem., Reunion du 29 Novembre 1967 à Rome, speech by Baron Boël.
14. Idem., Historique du Comité Italien de la LECE, October 4, 1978.
15. ELEC, La Communauté Européenne dans le Monde.
16. ELEC, Problèmes conjoncturels et structurels.
17. Dumoulin and Dutrieu, La Ligue Européenne, 174.
18. ELEC, Europe and the Management. All subsequent quotes come from this conference report unless stated otherwise in an endnote.
19. Shonfield, Le capitalisme.
20. Rolls, British Business, 171.
21. Massimetti, “Le Centre européen de l’entreprise.”
22. Knudsen, The Trilateral Commission.
23. Castronovo, Giovanni Agnelli.
24. Marjolin, Le travail d’une vie, 356–9.
25. HAEU, ELEC Archives, Rapport du Secrétaire Général sur l’activité de la L.E.C.E. en 1975. Avis de la LECE sur l’Union Européenne adressé à M.Leo Tindemans, Premier Ministre de Belgique.
26. Poorterman, Jean Rey nous parle, 358–60.
33. Jean Monnet Foundation (JMF), Lausanne, Archives of Robert Marjolin (ARM), 31/6/20, Lettre de T. A. Murphy (Chairman of General Motors) à Robert Marjolin de October 5, 1977.

34. JMF, ARM 31/6/5, General Motors European Advisory Board, Secretary Paper nº8, Discussion Paper: A Review of the European Community with Four Scenarios for the Future, London, England, February 6, 1975. All subsequent quotes come from this 24 page-long document.

35. Mourlon-Druol, “Filling the EEC.”

36. Warlouzet, Governing Europe, chapter 8.

37. Andry, “Social Europe,” chapter 6.

38. Ikonomou et al., European Enlargement Across Rounds.

39. ELEC, La competitivité, 3–15.

40. ELEC, Co-existence.

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