Japan, Philips and the Making of Europe’s Single Market, 1984-1994

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By embarking, from the mid-1980s onwards, on its ‘Europe 1992’ project for the removal of all barriers to the movement of goods, persons, capital and services among its then twelve member-states, the European Community rekindled a greater and wider debate about its future and its place in the world. As a leading Fiat executive worded it at the time:

“The final goal of the European dream is to transform Europe into an integrated economic continent with its specific role, weight and ability on the international scenario vis-à-vis the US and Japan”. ¹

Wisse Dekker, CEO of the Dutch electronics giant Philips pointed at “competitive pressure from our rivals, especially the Japanese, and the imperatives of technology development” as the main forces behind the drive toward a single European market. ²

Such observations resonated in historical and political science analysis. Wayne Sandholtz and John Zysman arrived at a conclusion similar to Dekker’s: In the attempted completion of Europe’s internal market, transnational industry-coalitions played an important role in that they enabled the European Commission to convincingly act as a policy entrepreneur, with substantial economic and social backing. This resulted in mobilizing a network of cross-border governmental elites in favour of the overall objective of market unification. The emergence of Japan, which had grown into the second-largest economy in the world, fundamentally changed Europe’s international setting. In these approaches the 1992 project is analysed as the outcome of an elite bargaining process in response to these changes in both the structure of international economic relations and domestic political contexts. ³

Really? Was it indeed Japanese competition that triggered Europe to overcome its economic fragmentation and bring about the Single Market during the late 1980s? And did such Japanese competition force non-state actors to decisively and successfully advocate the Europe 1992 programme? Poor documentary underpinning of the Sandholtz and Zysman argument left generous leeway for doubt. Andrew Moravcsik

1. W. SANDHOLTZ, J. ZYSMAN, 1992: Recasting the European Bargain, in: World Politics, 1(1989), pp.95-128.
2. N. STONE, The Globalization of Europe: An Interview with Wisse Dekker, in: Harvard Business Review, May-June 1989, pp.90-95.
3. W. SANDHOLTZ, J. ZYSMAN, 1992: Recasting the European Bargain, in: World Politics, 1(1989), pp.95-128.
explicitly challenged their argument in a seminal research paper entitled ‘Negotiating the Single European Act: national interests and conventional statecraft in the European Community’. The institutional reform underpinning the base of the 1992 campaign, he argues, rested on interstate bargains between Britain, France and Germany rather than an elite alliance between EC officials and pan-European business interests groups. The internal market programme, he concluded, was “launched independently of pressure from transnationally organized business interest groups”. Moravcsik’s argument was supported by George Ross’ analysis of policy-making by the European Commission and its president Jacques Delors:

“[…] we suspect that scholars who find strong business interest in ‘1992’ put the cart before the horse. Business enthusiasm for the Single Market seems to have been rather more a product of the policy program than one of its primary causes”.

When a few years later the dust had settled down, Maria Green Cowles demonstrated the limits of such intergovernmentalist interpretations, by convincingly arguing that a key business group, the European Round Table of Industrialists (ERT) was largely responsible for setting the agenda for the Single Market negotiations. Her findings on the ERT’s role were backed up by Bastiaan van Apeldoorn’s research on its contribution to “the neo-liberal transformation of European order”. As an elite platform ERP successfully sought to shape European socio-economic governance by means of its privileged access to European institutions. On the role of Japanese competition in triggering the 1992 project, however, such revisionism was reticent, to say the least. Maria Green Cowles warned that Sandholtz and Zysman’s claim that ERT action was primarily due to the rise of Japan and the decline of the USA should

“not be overemphasized. Only certain ERT members faced direct competition from Japanese companies. Most ERT firms were confronted by growing American competition as well”.

The 1992 debate is as relevant today as it was a quarter of a century ago. Questions concerning the impact of cross-border business coalitions on European Union policymaking – as well as the European Commission’s leeway for independent policy entrepreneurship – are as topical as they were back then, perhaps even more so.

Fortunately, these issues can now be studied on the basis of primary source material which during the early 1990s, was not yet available for academic scrutiny. This
paper will investigate the role of business coalitions – and the Philips lobby more in particular – in European policy making for the Single Market between 1984 and 1994.

**The Japanese Challenge**

At first sight Japanese exports to the European Economic Community and elsewhere during the 1980s did not justify specific anxiety or mistrust on the European side. They typically amounted to $200,000 – $400,000 billion annually, quantitatively quite comparable to Germany’s export during those years. Total EEC exports tended to be three to four times as large.\(^{10}\)

For one sector, however, the picture was dramatically different. Japanese consumer electronics giants Sony and Matsushita had been extremely successful in their export industries, to the extent that they threatened to oust what *The Economist* called “their battered European rivals” from their markets, both at home as in Japan and elsewhere. Television sets, video-recorders, compact disc players, computers and walkmen and other gadgets: high quality and low price Japanese products dominated the markets. Which contributed significantly to the large European trade deficit with Japan. At Philips, the largest of the battered rivals, senior managers feared for the survival of

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\(^{10}\) Computed by Mr. Lorenzo Foglietti on the basis of World Bank statistics.
the company and discussed the anxieties of a takeover by the Japanese. In the mid-1980s in a strongly worded newspaper article Philips executive vice-president Cornelis van der Klugt sounded the alarm: Europe was a very rich market of 270 million consumers, as compared with 220 million in the USA and 120 million in Japan. “Yet as a European company we are in a competitive disadvantage right at the starting line because we do not have access to a large homogeneous market like the Americans and the Japanese”. And while “the open floodgates” to Europe have admitted the tide of low cost Japanese products, the Japanese market itself was blocked from foreign competition in a way “that will kill any foreign competition in the bud”. He fiercely criticized the ineffectiveness of European politics and businesses to organize an effective response, both through re-organizing the European home market in a way that could stand competition and by forcing the Japanese to open their markets.

Earlier in the 1980s, Philips and other European consumer electronics and telecommunication companies had campaigned for the establishment of trade barriers that would keep Japanese competition out. But that effort collapsed and by 1984 the concern’s directors decided a new approach was called for. As CEO Wisse Dekker worded it at the time: “In the end technology will win out. You cannot build a dike and keep it out”. So instead of fighting the Japanese on their video recorder design Philips now effectively gave up its V2000 video player system and henceforward would manufacture the recorders following the popular Japanese VHS system themselves and even engage in new joint-ventures with some of their Japanese – and American – competitors to consolidate the company’s prominent position in the electronics trade.

Such catching up was to include the up-and-coming personal computer sector, the development of mega memory chips, mobile telephones and – above all – the company’s recent technological highlight, the laser tipped recording technology embodied in the Compact Disc, as a most promising successor for the Long Playing or LP gramophone record. In terms of technological innovation and prowess the firm had a reputation to defend. Its technical standards had been successfully accepted by industry and consumers alike in the case of the compact cassette. And as would indeed be the case for the CD player.

Wisse Dekker, the CEO of the Dutch electronics giant realized that these successful innovations on their own would not suffice. He pointed at “competitive pres-

11. The giants in Japanese electronics, in: The Economist, 20.02.1982; Letter Dr. J.C. Ramaer to Geertje Spanjaard – Tolsma, 25.07.2004.
12. C.J. van der KLUGT, Japan’s Global Challenge in Electronics – the Philips’ Response, in: European Management Journal, 1(1986), pp.4-9.
13. BuZa [Ministerie van Buitenlandse Zaken (BuZa), i.e. Ministry of Foreign Affairs, The Hague], Archive tok/japan, inv. Nr. 335, Het bezoek van premier Lubbers aan Japan d.d., 17-20.04.1985, D2d, ‘Consumentenelectronica’.
14. J. TAGLIABUE, The new Philips strategy in electronics, in: The New York Times, 15.01.1984.
15. K. SLUYTERMAN, Dutch Enterprise in the Twentieth Century, Routledge, Abingdon, 2005, p. 191.
Dekker knew what he was talking about. As a Philips expat he had lived and worked in Japan for six years and learned the language. During that period he had become fascinated by Japanese management practices and the ‘positive challenges’ – as he called it – they constituted for European entrepreneurship. When he became Philips’ president in 1982 he was the man to formulate a response to the sudden rise of the Japanese economy, a phenomenon the Philips board of directors hitherto had not managed to deal with adequately. To ameliorate the internal functioning of the Philips corporation he introduced a CWQI-scheme, a Company Wide Quality Improvement scheme, based on the work of the Japanese business professor Kaoru Ishikawa, the author of the seminal work *What is total quality control? The Japanese Way*. Ishikawa and his colleague Masaaki Imai were commissioned as ‘knowledge experts’ or consultants to teach the Philips staff.

**The Philips Plan for a Single European Market**

Dekker’s external turn-around, however, was even more important. He broke away from the tradition to shield the company from the international economic and political arena by a change in the company’s culture: he started lobbying intensively for the creation of a European Union Single Market characterized by free cross-border exchanges of goods and services, capital and labour. Since Philips’ home market in the Netherlands was too small (approximately 7% of the company’s turnover) a homogeneous European market had become a condition for survival, he reasoned. Dekker instructed his leading academic advisor Dr. Coen Ramaer to assemble a team of experts to draft a detailed plan specifying the policy measures needed to realize such an EEC Common Market. Ramaer selected four men, each a respected specialist in one of the four areas of what was to become the ‘Dekker Plan’: Erik Hugenholtz (customs arrangements), Frans Tielens (VAT), R. Verbeek Wolthuys (standardisation) and C. de Boer (public tendering and liberalization). Apart from their expert knowledge they had excellent contacts with their counterparts in the European Commission. At their first team meeting Ramaer told his team that Dekker insisted on two essentials: concrete policy specifics and a fixed end date, “the way we always do in business”. Ramaer told his experts: “Five years. And hence I will propose to Dekker to call the plan and his speech on it: ‘Europe 1990’.” The four experts cried out ‘But that is impossible!’.

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16. N. STONE, *The Globalization of Europe: An Interview with Wisse Dekker*, Harvard Business Review, May-June 1989, pp.90-95.

17. L. KARSTEN et al., *Leadership style and entrepreneurial change: the Centurion operation at Philips Electronics*, in: *Journal of Organization Change Management*, 22(2009), pp.73-91.

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“Start thinking. I don’t care whether it is realistic or not. Imagine yourself to be the dictators of Europe and write down what needs to be done to create a single market”.

Once they got started the four were fascinated by the exercise. They completed the plan within four weeks.\textsuperscript{18}

Dekker presented the ‘Europe 1990. An Agenda for Action’ plan first to an expert meeting at the Centre for European Policy Studies (CEPS) in Brussels on 13 November 1984 and then in a public speech at another CEPS meeting in the Brussels Hilton hotel on 11 January 1985 to an audience of 500 including many of the newly appointed Commissioners of the new European Commission lead by Jacques Delors. Europe’s poor economic condition was due to economic fragmentation, Dekker told his audience, and this was a direct result of the member-states not doing ‘the homework’ given in article 2 of the EEC Rome Treaty of 1957, that pledged them to the establishment of a common market and converging their economic policies. An internal market of continental scale and European instead of national standards would decisively promote innovation and lower costs. The time for a European answer to the Japanese challenges was running out: “The clock is at five to twelve”.\textsuperscript{19}

In preparing for the Brussels’ circus – as Ramaer called it – the Philips management had decided to present the initiative as exclusively by Philips, for the sake of not losing time and possible dilution in contacts with organizations like UNICE (the European businesses association, now ‘Business Europe’) or the Round table of European Industrialists (ERT). That may have come as a surprise for Dekker’s ERT colleagues, since he had been one of the ERT’s founders in April 1983 in Paris and was one of its vice-presidents. The ERT, comprising CEOs of Europe’s leading businesses, was established on the instigation of EC Commissioner Étienne Davignon, who encouraged Pehr G. Gyllenhammar, CEO of Swedish car maker Volvo, to assemble Europe’s leading industrialists in a pressure group for overcoming Europe’s economic and infrastructural fragmentation by means of lobbying both the national governments and public opinion. Among the thirty or so captains of industry – apart from Gyllenhammer and Dekker hobnobbed with Umberto Agnelli (Fiat), Lo van Wachem (Royal Dutch Shell), Carlo de Benedetti (Olivetti), Helmut Maucher (Nestlé) and Wolfgang Seelig (Siemens), to mention a few of this club of influential businessmen. The ERT gave the Philips plan and the EEC’s subsequent ‘Europe 1992’ project its full support, before and after Dekker took over the ERT presidency in May 1988. The pressure group also campaigned for simplified and European rather than national and diverging merger and take-over rules, for road and railroad connections between England and France and between Denmark and Sweden and – after the fall of the Berlin Wall in 1989, a speedy extension of the European Community

\textsuperscript{18} Interview Dr. J.C. Ramaer with Geertje Spanjaard-Tolsma, 26.01.2004, Letter Dr. J.C. Ramaer to Mrs. Geertje Spanjaard – Tolsma, 25.07.2004.

\textsuperscript{19} W. DEKKER, \textit{Europe 1990. An Agenda for Action}, in: \textit{European Management Journal}, 1(1985), pp.5-10; \textit{Europa moet Japan in 5 jaar inlopen}, in: \textit{Het Vrije Volk}, 11.01.1985; Internationaal Instituut voor Sociale Geschiedenis, Amsterdam. PA Max Kohnstamm, 891, J.C. Ramaer to various correspondents ‘Rede Dr. W. Dekker over vrije interne EG-markt per 1990’, 16.08.1984.
to Eastern Europe, to mention a few of its many policy proposals. We fully underwrite
the conclusions of Green Cowles and Bastiaan Van Apeldoorn on the significance of
the ERT in impacting and sometimes steering the making of Europe’s single market.
A few days before its official presentation a copy of the Philips plan was sent to the
new EC president Jacques Delors. When Delors attended a UNICE meeting on 8
January he quoted extensively from the piece, reported Ramaer to Dekker enthu-
siastically. In his speech for the European Parliament on 14 January Delors announced
the Commission’s intention to propose to the European Council to pledge itself to
completing a fully unified internal market by 1992. With the Council’s assent Eu-
rocommissioner Arthur Lord Cockfield then translated and extended the Philips plan
in his famous White Paper Completing the New Europe detailing near 300 concrete
policy measures bringing the single market from a dream to reality.

Lobbying by the Action Committee for Europe

The change in the suggested end data for the time table, from 1990 to 1992 came at
the suggestion of a second influential non-state actor, the Action Committee for Eu-
ropa (ACE), the successor of Jean Monnet’s Action Committee for the United States
of Europa (1955-1975), hence informally oftentimes referred to as the ‘Second Action
Committee’ (SAC). The ACE was initiated in March 1984 when twelve veteran
statesmen, including Leo Tindemans, Edward Heath, Helmut Schmidt, Emilio
Colombo and Joop den Uyl met at Stuyvenberg Castle, near Brussels, under the
chairmanship of Max Kohnstamm. French president François Mitterrand – although
not joining formally – gave this new Committee his full support.

Kohnstamm had been Monnet’s right hand man for many years before becoming
principal of the European University Institute in Florence. Under Kohnstamm’s
chairmanship the ACE had been pondering on how to pull European integration out
of the doldrums and had selected the making of a pan-European single market its
central lobbying issue: “What in fact is being called for is the implementation of the
Treaty of Rome”. In the Resolution, adopted at its meeting in Bonn in the Summer of 1985, the
Committee had called for the realization of three particular policy aims: The creation
of a border-free pan-European home market by 1992, as well as, with a hint to the
Japanese offensive, a major Community response to the “challenge of advanced technology” and lastly, a strengthening of the European Monetary System. The Action Committee had also spelled out the institutional changes it deemed necessary to realize these policy aims: Firstly, “A binding timetable for the establishment of a border-free Community by 1992”; As well as, “Institutional reform, […] substantially increasing the use of majority voting [and] increasing the powers of the Commission to execute Community decisions”.  

These policy goals put forward by ACE in the Summer of 1985 read as an excellent summary of the main thrust of the Single European Act, the 1986 Treaty in which the making of Europe’s Common Market obtained its legal foundation.

The Philips/RTE lobby and the SAC lobby were complementary in at least two ways. Whereas Dekker and his RTE colleagues directed their attention on the European governments, Kohnstamm and his influential men of state focussed first and foremost on the European Commission and particularly its new president Jacques Delors. This division of labour made sense, argued Philips strategist Coen Ramaer: The business lobby could spell out what it technically took to create a unified European market. But on the issue of what institutional changes and adaptations of European decision-making would be needed to bring its realization about, coming forward with propositions was better left to the SAC lobby, firstly “because we at Philips did not know sufficiently about it” and secondly because Kohnstamm & Cie were in a better position to do the job, for not being tainted with the ‘Big Capital’ label and the concept of self-interest that came with it. Hence, the Philips/RTE lobby and the SAC lobby were in close contact with each other. As early as August 1983 Kohnstamm and Dekker corresponded with each other and exchanged information about their aims and activities. Philips strategist Ramaer in turn was in close contact with Emile a Campo, the director-general of the general secretariat of the Council of Ministers and fully understood the latter’s problems in proposing common market directives that needed unanimous support by all member-states in the Council.

Kohnstamm and his political heavy-weights, apart from their support for making the internal market Delors’ priority, did indeed prove decisive in convincing the new EC president of the notion that a substantial broadening of the possibilities of majority decision-making on the Council was an essential condition for its coming into exis-
Kohnstamm’s argument was that the non-implementation of the common European market prescribed in the 1957 Rome Treaty was an issue of institutional failure, a lack of effectiveness he attributed to unanimity voting. Hence a deepening of the institutions and above all a transformation of their decision-making capacity by a treaty change allowing for majority voting was called for.  

Thus, under Italian chairmanship at the Milan European Council summit of July 1985 an Intergovernmental Conference was brought into existence, whose proceedings resulted in the Single European Act (SEA) of 1986 which in turn brought the break-through towards qualified majority voting (QMV) for the sake of realizing the measures stipulated in the Cockfield white paper by adding a new article 100a to the EEC Treaty: when deciding on “measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishing and functioning of the internal market” QMV would be the rule.

Pressure on Japan

These campaigns and policy-measures for the sake of overcoming Europe’s internal economic fragmentation were accompanied by external pressure on the Japanese government with a view to opening up that country’s domestic market.

When Dutch Prime-Minister Ruud Lubbers visited Japan during a three-day state visit in April 1985 the unparallelled increase in the Japanese export of consumer electronics in recent years arguably constituted the most important issue for the talks with his hosts in Tokyo. Sales of Japanese video-tape recorders to consumers in the European Community for instance had grown by over 40% in the year 1984 alone. But policy makers in the Netherlands were well aware of their limitations: “Scope for an independent trade policy is no longer present”, these bilateral contacts should first and foremost be aimed at supporting EC trade policy towards Japan.

The inaccessibility of the Japanese market for European exports had been a point of contestation overshadowing European-Japanese relations since the early 1980s. As early as April 1983 the European Community had asked for the creation of a working party under the General Agreement on Tariffs and Trade (GATT) to examine whether Japanese trade and investment practices were too restrictive.

The European claim was that Japan ought to change its import, export and foreign investment policies in order to facilitate the GATT objective of “reciprocal and mu-
tually advantageous arrangements”, which so far had not been achieved, thus impairing the benefits for the EC with a steadily widening trade deficit as result. Since then, the Japanese government had agreed to some voluntary export restraints in its trade with Europe, as well as to simplifying testing procedures for imports. But these measures were considered “not commensurate with the magnitude of the problem” and the Community claimed Japan still was not fulfilling its international economic responsibilities.

There was a second bone of contention. As an EC spokesman worded it:

“These Japanese efforts, either willingly or just by chance are helping more the trade imbalance with the United States than the trade imbalance with the European Community”.29

In comparison to American–Japanese bilateral trade relations, the claim was Europe felt discriminated.

An EC-Japan ministerial conference in May 1984 had established a bilateral Trade Expansion Committee that was to suggest practical ways to increase imports of goods and services from Europe, in line with Prime-Minister Yasuhiro Nakasone’s earlier statements that Japan “would make a positive contribution to the development of the economies […] by expanding the amount of manufactured goods we import from abroad” and “the government intends to move beyond more market opening into the realm of active promotion”.30 The Prime-Minister also expressed “the hope that the Japanese people will continue to strive for increased imports of foreign manufactured goods”.31 But what if they wouldn’t? By the end of 1984 non-papers circulated among the European capitals with titles such as ‘How to make the Japanese exercise export moderation for VTRs?’ (Video Tape Recorders, the same question was posed for colour TVs).32

At her side of the pitch, however, the Japanese government rejected accusations of protectionism: the country was making “a major effort to alleviate international protectionist pressures and to promote freer world trade”. It pointed to Japanese tariffs as among the lowest of the major industrial economies, to recent simplification of standards and certification systems and streamlining of import procedures.

The Tokyo Foreign Ministry ordered and distributed a 22 minute documentary entitled ‘Open to the World’ that, according to the accompanying flyer, took a look at “the many vibrant import markets in Japan – from fast foods to designer fashions, automobiles and industrial machinery”. At the same time it sought to dispel

“the notion that Japan is somehow a closed society of overworked and underpaid robots or a monolithic export juggernaut and to demonstrate instead the truth that Japan and the

29. EC seeks GATT Working Party on Japanese Trade Practices, in: The Japan Times, 13.04.1983.
30. Buza, 996.613.211.10, “Note for the Attention of the members of the 113 Committee. Work Programme for the EC-Japan Trade Expansion Committee”, 10.07.1984.
31. Buza, 996.613.211.10, aan de posten: ‘External economic measures announced by Japan on 27 April’ [1984].
32. BuZa, 996.912.110, EG/Japan, accompanying letter PV Brussel, 12.12.1984.
Japanese market are indeed OPEN TO THE WORLD [the last four words in capital letters]”.33

In other words – putting not too fine an edge upon it – if European and American firms failed to sell their products on the Japanese market that was not because of restrictive practices, but because the quality and the price of their products were not good enough to successfully compete with their Japanese counterparts.

Hence we can conclude that behind the economic conflict there was a hidden conflict of ideas, a conflict of perceptions, opinions and responsibilities. Which made the puzzle such a difficult one to solve, in spite of the many gestures of mutual good will, such as the MITI initiative for a Japan-EC industrial cooperation centre in Tokyo. The aim of this was to promote European investment in Japan and Japanese technology transfer to the European common market, which was eventually inaugurated on the 2nd of June 1987.34

But by then the conflict had erupted again: The headlines in the Japan Times of 9 October 1986 stated: “Trade partners’ dissatisfaction with Japan surplus ‘very strong’”.35 As the ‘Balance of Benefits’ or BOB-issue, the conflict again made it to the agenda of the GATT negotiations; “Balance of Benefits” being a euphemism for the ‘Japan problem’, the newspaper claimed. Such GATT-ification was very much against the wishes of the Japanese government. As Makoto Kuroda, MITI’s Vice-Minister for international affairs informed the press:

“I told the EC officials that the purpose of GATT is to create equal opportunities in world trade through fair trade rules, and it is not the forum which must take responsibility for the results of the rules”.36

Nevertheless, there are some indications that precisely such GATT-ification may have contributed to solving the bilateral trade puzzle. In the course of the year 1987, European Commissioner for External Relations and Trade Willy de Clercq visited Tokyo three times, an indication of the significance attached to the problem. The tone of his public utterings at these occasions appeared to grow more sanguine over time. By September he referred to recent increases in Europe’s exports to Japan and the necessity to hold on to such improvement over a longer period of time.37 By June 1988 an EC delegation to Japan observed “a trend towards more balance”.38 As before, European policy-makers showed their apprehension for walking away from the table with worse deals than the Americans in their bilateral relations with Japan. Although Prime Minister Nakasone solemnly declared that he would not tolerate such discrimination to the detriment of the European Community, the point constantly

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33. BuZa, EG/1985-1989/01179, 8443 5B 2/4 flyer ‘Open to the world’, October 1985.
34. COM(87)344def, European Commission, “Medereling van de Commissie inzake de betrekkingen tussen de Gemeenschap en Japan”.
35. Trade partners’ dissatisfaction with Japan surplus “very strong”, in: Japan Times, 09.10.1986.
36. Ibid.
37. BuZa, EG/1985-1989/01179, 8466 5B 2/4, Codetelegram Posthumus Meyjes, 11.09.1987.
38. BuZa, EG/1985-1989/01179, 8480 5B 2/4 Codetelegram BuZa ‘high level consultations eg-japan (4-8 juli)’, 11.07.1988.
being raised was that Japan should not hope to resolve its trade policy problems by means of bilateral talks only with the USA. As EC Ambassador to Japan Dries van Agt – the former Dutch Prime Minister – worded it: “Do not feed the barking and biting dog only”.

EC commissioner De Clercq’s third 1987 visit to Tokyo raised hopes “that the Japanese are getting fed-up with American pressure”. Moreover, a series of successive revaluations of the yen proved decisively beneficial, for both the USA and Europe. The trade imbalances of the two with Japan melted rapidly. By the early 1990s indeed the era of trade friction had resolved itself with a satisfactory conclusion.

Conclusion

Japanese competition has been a prime factor in overcoming European economic fragmentation. In the course of the 1980s Japanese technology – especially in consumer electronics – as well as Japanese business practices were key incentives for the establishment of Europe’s Common Market. The confluence of two distinct but mutually supportive non-state actors, the Philips/RTE lobby and the Action Committee for Europe played a decisive role in setting the agenda for what we now know as the ‘EU Common Market’.

For Philips, the Japanese challenge was much more than a storm in a teacup. ‘Japan incorporated’ threatened its very existence, or so it was perceived. Looked upon this way, fighting Japanese protectionism and campaigning for overcoming Europe’s economic fragmentation were two sides of the same coin. It is a testimony to the quality of the company’s lobbying efforts on how successfully it managed to frame its private interests on both issues as Europe-wide continental interests.

The Europe 1992 Common Market campaign raised both interest and concerns in Japan and the issue was brought up in a plethora of political meetings: fear that Europe would become an ‘inward looking entity’, or ‘fortress Europe’ inaccessible for Japanese exports were voiced frequently. European policy-makers reciprocated however, that the internal market would generate extra economic growth, which would lead to increased imports and improved business opportunities for third countries. “The world’s largest market of 320 million consumers will remain open.”

39. BuZa, EG/1985-1989/01179, 8466 5B 2/4, Codetelegram Posthumus Meyjes, 26.11.1987 ’eg overleg met Vice-Minister van BuZa MURATA (werkontbijt)’.
40. BuZa, EG/1985-1989/01179, 8480, Codetelegrams Posthumus Meyjes, 11.09.1987 & 09.12.1987.
41. T. TANANKA, EU-Japan Relations, in: E. KIRCHER et al. (eds) The Palgrave Handbook of EU-Asia Relations, Palgrave, Houndmills, 2013, pp.509-520.
42. W. RUIGROK, Japanse industrie vreest Fort Europa, in: Trouw, 12.11.1988. BuZa, 996, eg japan economisch, codebericht 18 januari ‘Bespreking Mr. Brinkman in Tokio’; Ibidem, Codetelegram BuzA ’high level consultations eg-japan (4-8 juli), 11.07.1988.
The American Department of State too considered the establishment of Europe’s internal market and the solving of the European-Japanese trade puzzle as two sides of the same coin. This new push for integration would succeed because it was driven by a confluence of forces not present in earlier efforts to form a single market in Europe. Firstly, the fact that the impetus this time came not only from Brussels or from member-state politicians but also what the report calls the “reorganisation of European business itself, evidenced by the wave of mergers and takeovers taking place”. Secondly, Japan’s rise to economic prominence had generated “both anxiety and a determination to meet the competitive challenge”.43

For Fiat chairman Giovanni Agnelli these origins of the Single European Market programme were fundamental for its chances to succeed. The reasons why the project continued to progress and defied the odds against it, was “that it does not depend entirely on political good will”. The 1992 project was born for sound economic reasons and those motivational forces would continue to be its engine:

“Ironically, it was politicians who in 1957 first conceived the idea of a common market – often over objections from the business community. Now the situation has been reversed; it is the entrepreneurs and corporations who are keeping the pressure on politicians to transcend considerations of local and national interest”.44

43. USA Department of State, The European Community’s program to complete a single market by 1992, 05.07.1988, p.3.
44. G. AGNELLI, The Europe of 1992, in: Foreign Affairs, 4(1989), pp.61-70.
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Die EU durchlebt momentan turbulente Zeiten. Die Europäische Kommission als zentrale supranationale Exekutive ist davon besonders betroffen. Dieser Band zieht eine Bilanz der Entwicklungen seit 2008 und analysiert aus unterschiedlichen Perspektiven die Herausforderungen, denen die Kommission gegenübersteht.

Das Buch erscheint in englischer Sprache.