

THE CHAIRMANSHIP OF

The chairmanship of

Jérôme Monod

May 1992

December 1995



The Legacy

Jérôme Monod took the publicity-shy ERT out of the shadows and put it firmly on the map. Reshaping Europe, the project he managed before taking over the chairmanship, had been the first ERT publication to enjoy a televised launch in September 1991, while constant face-to-face, high-level personal contacts with Europe's politicians became the norm. Highlights included ERT's active participation in the G7 initiative on the Global Information Society, the start-up of the Transatlantic Business Dialogue (TABD) and the formation of the Competitiveness Advisory Group by the Essen European Council.

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Key Messages and Publications

COMPETITIVENESS

- **Rebuilding Confidence – An Action Plan for Europe** | December 1992
- **Beating the Crisis - A Charter for Europe's Industrial Future** | December 1993
- **European Competitiveness: the Way to Growth and Jobs** | November 1995

INFRASTRUCTURE

- **Growing Together – One Infrastructure for Europe** | June 1992
- **Building the Information Highways** | June 1994
- **Building a Global Information Society - A Call for Government Action.** A Report from the ERT to the G7 Ministerial Conference on the Information Society | May 1995

EDUCATION AND EMPLOYMENT

- **Lifelong Learning: Developing Europe's Future Capability – The Role of Industry-University Cooperation** | June 1992
- **European Labour Markets - an Update on Perspectives and Requirements for Job Creation in the Second Half of the 1990s** | October 1993
- **Euromanagement** (ERT-sponsored study prepared with INSEAD and published by Kogan Page) | 1994
- **Education for Europeans – Towards the Learning Society** | March 1995

NORTH-SOUTH

- **European Industry: A Partner of the Developing World - Foreign Direct Investment as a Tool for Economic Development and Cooperation – Suggestions for Future Improvements** | August 1993
- **Survey on Improvements of Conditions for Investment in the Developing World** | May 1993
- **European Industry and the Developing World. A Dialogue between Partners** [Proceedings of the presentation of the two reports mentioned above at a Conference in Geneva in September 1993] | January 1994

ENVIRONMENT

- **The Efficient Use of Energy** | November 1992
- **The Climate Change Debate. Seven Principles for Practical Policies** | December 1994

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Active networking, less camera-shy

Personal networking by ERT Members has always been an important part of the organisation's *modus operandi* and was actively encouraged and, indeed, demonstrated by Jérôme Monod during his chairmanship. Leading ERT gave him the opportunity to work more closely with Jacques Delors, the President of the European Commission. Their relationship, forged during their time together in government in France, was a great help in strengthening lines of communication and contact between ERT and the Commission. These were by no means diminished when Delors was succeeded by Jacques Santer in January 1995. The relationship lost none of its warmth, and dialogue and cooperation continued to be extremely fruitful.

In parallel, ERT continued to give increasing attention to the world outside the European Community, as it then was called, visiting Russia, organising workshops in Central and Eastern Europe, publishing its work on Foreign Direct Investment in the developing world and providing vital help to the start-up of the Transatlantic Business Dialogue (TABD).

The times: loss of momentum and strained nerves

The optimism engendered by the Maastricht Treaty was swiftly shattered in 1992 by its narrow endorsement in the French referendum and its rejection in the Danish vote. The Exchange Rate

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Mechanism of the European Monetary System was brought close to collapse in the summer of that year and suddenly the political and economic outlook for the EU darkened severely. Between 1993 and 1995 economic growth came nearly to a halt and unemployment rose steeply in most Member States.

This seemed to threaten the Union's overriding objective of the 1990s – achievement of Economic and Monetary Union by 1999 at the latest, as required by the Maastricht Treaty. During the Monod period, EMU still seemed a distant prospect, and an unlikely one in the view of many doubters.

On the trade front, the Uruguay Round talks appeared to be indefinitely stalled, with the US and the EU clearly disagreeing over the direction they should take.

Thus the challenge in the early years of the Monod chairmanship was to define the ERT's views on how to deal with such difficulties at home and abroad.

Shaping Europe's strategies

The position paper *"Rebuilding Confidence"* was a brief sequel to *"Reshaping Europe"* and had been prompted by Jacques Delors questioning what the future direction for Europe should be. ERT called for a modernisation plan that would raise European competitiveness in world markets. The main elements should be completion of the Single Market and steps to make it competitive; greater

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investment in education and training; investment in infrastructure and technology and better management so that Europe could assume its global responsibilities.

The ideas were presented to President Delors when he attended a Plenary Session in Brussels late in 1992, and the final paper was sent to Heads of State and Government in advance of their Edinburgh European Council in December 1992.

As Europe's economic outlook darkened and its performance weakened during 1993, ERT Members became fearful that governments might be tempted to look for short-term solutions in misguidedly interventionist policies. So ERT decided it was time to restate the strategy for strengthening competitiveness.

"Beating the Crisis - A Charter for Europe's Industrial Future" traced the links between industrial investment, competitiveness, growth and employment and strongly emphasised the importance of technical innovation and favourable financial policies. Supervised by Floris Maljers (Unilever), the report's recommendations included the formation of a Competitiveness Advisory Council, eventually adopted at the Essen European Council of December 1994 as the Competitiveness Advisory Group. With members drawn from business, trade unions and academia, this Group had the powers to lay competitiveness-related issues directly before the European Council and the President of the Commission.

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Competitiveness

the search for consensus

When they decided at the Essen Summit in December 1994 to set up the Competitiveness Advisory Group, Government leaders had again had their minds focused on the issue by an ERT paper, *“European Competitiveness - The Way to Growth and Jobs”*. Produced on the initiative of Denys Henderson (ICI), the paper argued that, while there was a general consensus on what was needed to improve Europe’s economic performance, there was no corresponding agreement on how to do it quickly.

ERT found it necessary to return to the issue year after year. When the Competitiveness Working Group passed into the hands of Daniel Janssen (Solvay) he altered the emphasis by introducing the concept of benchmarking. The idea was to establish criteria relevant for measuring competitiveness, publish figures for different countries and encourage Member States to take a competitive approach to improving their competitiveness. In 1996, after Jérôme Monod had passed the chairmanship to Helmut Maucher, ERT jointly organised with the Commission a well-attended seminar that proved very helpful in establishing the utility of benchmarking. Significantly, benchmarking was also later identified as a key tool for ensuring a coordinated approach by Member States to achieving the ambitious objectives for the European economy adopted by the European Council at Lisbon in March 2000.

Infrastructure

fostering European solutions

Umberto Agnelli wound up ten years of ERT work on transport infrastructure systems with *"Growing Together"* (1992), a report setting out for a second time (the first was in *"Missing Links"*) the arguments for a neutral and independent forum to work out pan-European solutions to infrastructure problems, including the TransEuropean Networks. This concept was agreed when presented to representatives of all EU Member States as well as three Commissioners at a joint Portuguese Presidency – ERT seminar held in Lisbon in June 1992.

ERT then commissioned the recruitment from around Europe of the founding members of ECIS (European Centre for Infrastructure Studies). Subsequently, Rotterdam won the bid from six cities to host the ECIS Secretariat, and the Commission promised to sponsor two major studies.

The ECIS Board met for the first time on 1 March 1994. Those present included Bram Peper, Rotterdam's mayor, Umberto Agnelli for Fiat, François-Xavier Ortoli for Total and representatives of a number of important research and transport organisations. A promising start was made, yet the organisation was formally wound up three years later due to internal problems.

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Information Technology

public/private partnerships

Carlo De Benedetti (Cofide Cir) was a member of the High Level group on Information Technology established by the European Commissioner for Industry, Martin Bangemann, and led the ERT group that produced *"Building the Information Highways"* in June 1994. This proposed a seven-point strategy for governments and business to remove all legislative barriers and to allow new public/private partnerships for promoting the "Digital Revolution" and expansion of ICT (Information & Communication Technologies).

On the initiative of President Delors, a group of industrialists had been formed to follow up on the G7 Ministerial Conference on the Information Society which took place in early 1995. On behalf of ERT, Carlo De Benedetti took charge of this group and prepared an ambitious document, *"Building a Global Information Society"*, destined for the G7 Summit in Halifax in June 1995. This included a declaration of cooperation amongst the chief equipment suppliers and users in all G7 countries (supported in Europe by companies such as Ericsson and Nokia) which provoked unsolicited letters of thanks from Presidents Bill Clinton, Jacques Chirac and Jacques Santer, Prime Minister Jean Chrétien of Canada, and Chancellor Helmut Kohl. Subsequently, in May 1996, Carlo De Benedetti (Cofide Cir) was a keynote speaker at the G7 Ministerial Meeting on the Global Information Society in South Africa.

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Accounting

ERT support for international standards

Helmut Maucher alerted ERT to the dangers to European industry of ignoring the “americanisation” of international accounting systems. In the absence of a unified European input to the International Accounting Standards Committee (IASC), all companies wishing to be listed on the New York Stock Exchange had to comply fully with US requirements. A new ERT group was set up to provide coordinated European views on a set of draft International Accounting Standards and to raise the profile of the Standards internationally.

Looking East

ERT, who from the early nineties, advocated the opening of the European Union to its eastern neighbours, warmly welcomed the decision of the Copenhagen Council in 1993, which made the first decisive step towards the current enlargement. Enlargement became no longer a question of ‘if’ but ‘when’ and was strongly supported by ERT.

At the same time, André Leysen (Gevaert), chairman of the ERT Working Group on Central & Eastern Europe, kept a close watch on developments in Russia, helped by an informal ERT company network based in Moscow. After the IMF managing director Michel Camdessus appealed to the Vevey Plenary

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in May 1994, a 14-Member ERT delegation visited Prime Minister Victor Chernomyrdin in September 1994 to warn him of the need to reform structures and regulations and improve economic performance before further western investment could be expected.

World Trade

Uruguay Round helped to conclusion

Conclusion of the Uruguay Round was not easy. In September 1993 an ERT delegation of 14 Members met French Prime Minister Edouard Balladur to help resolve the European position in the talks. Peter Sutherland, then Director-General of the GATT (and later a member of ERT), was able to build on this and the Round concluded in December of the same year.

North/South issues

sharing the benefits of investment

The Working Group led by Helmut Maucher produced a Policy Report and a Survey that many had not expected to see from ERT. The Policy Report entitled: *“European Industry: A Partner of the Developing World - Foreign Direct Investment as a Tool for Economic Development and Cooperation – Suggestions for Future Improvements”*, argued strongly that corporate investment in the

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developing world ought to bring simultaneous benefits to the investing company and the host country, providing it is well-managed and providing public policy obstacles are not too damaging. It was supported by a survey of developing countries identifying those most active in removing obstacles to investment.

Transatlantic Relations

present at the creation of TABD

Europe's response to US calls for improved dialogue on removing trade barriers was strengthened by ERT Members attending the launch conference of the Transatlantic Business Dialogue (TABD) in November 1995 in Seville. The TABD was set up as an informal process whereby European and American companies and business associations develop joint EU-US trade policy recommendations, working together with the European Commission and US Administration. Jan Timmer (Philips) was the second European co-chair of the TABD. Although this initiative was never a formal part of the ERT work programme, it was generally acknowledged that without the support of the companies behind ERT Members, the dialogue could not have been launched.

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Education

introducing the “education chain”

ERT’s concern for educational issues was to reach a wide audience with the report *“Education for Europeans - Towards the Learning Society”*. More than 30,000 copies were distributed, establishing it as one of the most influential of all ERT papers. Prepared by the Education Working Group chaired by François Cornélis (Petrofina), it presented the concept of the “education chain” whose various stages needed linking from nursery school to adult training. Computer technology, benchmarking and professional financial management could all be helpful for establishing a “lifelong learning” process that must begin with helping children “to learn how to learn.”

Environment

climate change

ERT sought a dialogue with European environment regulators but found a wide gap in thinking during initial contacts with Commission officials. As a result, a “watchdog group” was set up in 1993 for technical discussions and broad exchanges of ideas and information with the Commission. The group prepared and published a report in 1994 on climate change, assessing the debate on global warming and examining measures that could usefully be taken by industry and governments.

Research

the search for effectiveness

Jean-Louis Beffa's (Saint-Gobain) Working Group on Research and Development produced a draft paper in September 1994 on technology and society, analysing the different means of funding research and emphasising the need for public/private partnerships and joint ventures to make corporate research more effective. Ideas from this draft were raised later in the Henderson competitiveness report (see above).