

***POLICY DEVELOPMENT AND THE CABINET SYSTEM IN THE  
DELORS' COMMISSIONS***

George Ross

Morris Hillquit Professor in Labor and Social Thought, Brandeis University  
Senior Associate, Harvard University Center for European Studies

## Introduction

For some time Cabinets have been essential to the broader functioning of the European Commission. Moreover, the Cabinet of EC President Jacques Delors has been an absolutely central instrument in the Commission's accomplishment in recent times. Nonetheless very little is known about the workings of the Cabinet system inside the EC and even less about the Delors Cabinet. This essay is an initial effort to fill in such gaps, based on participant observation of the Delors Cabinet during 1991. The paper - strictly speaking - provides a general description of the structuring elements of the roles of the Delors Cabinet and the ways in which the President's Cabinet has carried out these roles. A detailed case study of industrial policy is then presented as a lengthy Appendix to illustrate the concrete workings of these general Cabinet structures and activities.

### I. Delors and his Cabinets : The Origins of Roles

In an official sense the EC Commission President is but *primus inter pares* among 17 Commissioners. The Commission is a College, not a government with clear lines of authority and cleavage in which certain officials have ultimate decision-making power. Commissioners are quasi-Ministers, responsible for oversight and stimulation of the administrative services which fall within their portfolio following direction from above. Unlike Ministers, however, each is individually responsible for contributing to a collective and officially egalitarian decision-making process. Nothing, in theory, "arbitrates" decisions except informed argument among colleagues endowed with equal power. In this unusual system it is not the President's official job to decide in the final instance, rather to ensure order and forward motion. His major distinctive function, beyond the attributions of his specific Commission portfolio, is to preside over the College of Commissioners. Presiding in this sense means, in fact, ensuring the existence of consensus in the College, overseeing the efficient flow of Commission business from the administrative services, and encouraging the emergence of coherence in the Commission's policy production.

It is the Collegial essence of the Commission which has necessitated the Cabinet system. Every Commissioner must ultimately pronounce upon the work of each of his colleagues, in addition to producing work from his assigned area which his colleagues will approve. He must therefore be constantly and thoroughly informed of the activities, plans and political outlooks of his Commission colleagues, each responsible for specific policy areas. He must also make sure that these colleagues are fully informed about his concerns and "won

over" as much as possible to his points of view. The basic role of the Cabinet in the Commission system is to generate this information and communicate it in useful form to Commissioners and to do as much of this persuasion as it can.<sup>1</sup>

Things are more complicated in the Commission's real life. Cabinets<sup>2</sup> are actively engaged in Commission policy development, coordinating interservice work and often shaping the nature of legislative and other project through strong substantive intervention. Perhaps because Cabinets have become rather more important than their official roles would indicate they have also come to serve important functions in socializing promising younger Commission civil servants into "transversal" activities and, in consequence, into the administrative elite of the Commission. Cabinet members, after successful work, are often "parachuted" by the Commissioner, towards the end of their term, into top administrative positions as heads of unit and directors (A-3 and even A-2) positions. One is thus likely to find a fair sprinkling of the Commission's "best and the brightest" in Cabinet service.

The President's Cabinet has a broader official mandate. The President, like his colleagues, needs extensive information to debate knowledgeably and contribute to the College's collective decisions about matters for which he does not have direct responsibility. But he also needs staff help in order to further "broker" - for he does not officially decide - Commission deliberations to ensure the persistence of collegiality, efficiency and political coherence.

From this follows a set of roles. Beyond constant intelligence work of an informational and political nature the President's Cabinet presides over the flow of Commission business upwards from the services to the weekly Commission meetings. Each piece of policy, after percolating up through the services and various interservice meetings penultimately reaches a "Special Chefs" meeting. Special Chefs, presided by that member of the President's Cabinet in whose portfolio area a particular proposal falls, is the moment when Cabinet specialists decide whether or not to send specific proposals upwards towards the Commission. Proposals are then passed up to the weekly "Chefs Cabs" meeting, usually on Monday, which is the

---

<sup>1</sup> There is, of course, a subsidiary, but quite important official role for the Cabinet as the representative of the national interest of the Commissioner's member state in Commission deliberations.

<sup>2</sup> Of late Cabinets have been composed of seven or eight members (Commissioners get an extra member, under present rules, if they include a national from a country than their own, which virtually all do),

final polisher and gatekeeper prior to the Wednesday Commission meeting itself. Special Chefs and Chefs Cabs are important formal events. Preparing and presiding each involves resolving as many issues and producing as much consensus as possible prior to actual weekly Commission meetings and, when such prior agreement proves impossible, either to clarify the lines of conflict or to halt the upward flow of the material in question.<sup>3</sup> Chefs Cabs, where all Commissioners' Cabinet heads discuss all pending proposals, is organized and run officially by the Commission Secretary-General working with the President's Chef de Cabinet.<sup>4</sup>

The logic of these formal roles means that in practice the presidential Cabinet is also very often the animator of inter-service (and inter-Cabinet) collaboration in the preparation of documents and proposals. Prior to Special-Chefs, for example, the Presidential Cabinet member concerned is deeply involved in prior stages of proposal preparation, following and querying the services concerned with great assiduity. Likewise the President's Chef de Cabinet and his no. 2 are constantly in touch with the more general flow of proposals across the Commission to organize and coordinate the work of the Commission more generally. The President's Cabinet head and the Secretary-General together prepare the Commission's weekly agenda, for example. The Commission's actual ordre du jour is therefore largely determined by Cabinet activities, at the center of which the President's Cabinet works. A substantial part of the Commission's business is thus actually transacted by Cabinets dealing in the names of their Commissioners, presided over and coordinated by the President's Cabinet.<sup>5</sup> What the Commissioners actually discuss among themselves can thus be confined to issues where consensus does not yet exist or matters of broader scope about the

---

<sup>3</sup> Chefs Cab essentially refines the filtering work already well advanced by Special Chefs. At both instances proposals which are either inadequately prepared or politically unacceptable by a large number of Commissioners can be stopped. Usually this involves returning the proposal to originating administrations for modifications, whether further polishing or substantive change, for future discussion. Sometimes it may mean more permanent suspension.

<sup>4</sup>There is potential variability in this arrangement - one imagines that Emile Noel, longtime Commission General Secretary, must have had a heavy hand. But de facto under Delors at least, Pascal Lamy, Delors Chef, has been the central figure. Pascal Lamy, Delors Chef from 1985 and in his mid-forties, is a Left Catholic Inspecteur des Finances (a product of ENA and HEC). Lamy, long active in French PS affairs, knew Delors from ENA days (where Martine Aubry, Elisabeth Guigou and others were classmates), worked on Delors' staff in the early days at the Ministry of Finances before becoming number 2 to Pierre Mauroy after the March, 1983 crisis.

<sup>5</sup> Agreement at the level of "special chefs" and/or Chefs Cabs (point A) is virtually equivalent to full Commission decision.

Commission's general directions.

The practical line is thin between a Commission Presidency acting to promote consensus and coherence in a Collegial system and one which plays a significant autonomous role in setting the College's actual agenda. The College-Cabinet system leaves informal space for a Presidential, as opposed to Collegially-induced, strategy. Indeed, it is likely that the ability on the part of a Commission President to utilize this space is one of the important constitutive factors of a strong, successful, Commission Presidency. In any event, this has been true of the Delors Presidency.

From the moment of his appointment in 1985 Jacques Delors had ambitions far exceeding the modest *primus inter pares* official role of Commission President. He wanted to become the acknowledged leader and energizer of a Commission which would itself maximize its role in the European Community political system and, in particular, reassume some of the supranational authority with which Jean Monnet had intended it to be invested. We can now see, in retrospect, that to do this beginning in 1985 he sought to develop a strong Commission strategy for regenerating European integration which would be identified with his Presidency. This strategy unfolded initially around the White Paper and Single Act whose public and political successes created resources which were then reinvested in what the Delors Cabinet itself repeatedly referred to as its "Russian Doll" strategy in which each further policy step would allow another to be taken in its wake - the Russian Dolls in question being the first Delors Package, with its multiple policy components in budgetary, agricultural and regional policy matters, Economic and Monetary Union and the "Social Dimension." Sustaining this long-term program called for a strong Commission presidency somewhat at odds with the official dimensions of a Commission president's roles.

Thus under the Delors Presidency the Presidential Cabinet became a central instrument in the implementation, and to a degree the conceptualization, of this strong Presidential strategy. The new tasks acquired by the Cabinet have brought with them institutional management problems associated with reconciling a strong Presidency to an institutional environment that does not officially recognize or legitimate it. To be successful the Delors Cabinet has had to develop a repertory which includes both the approaches needed to "broker" for building consensus to create coherence out of decentralized initiatives and those needed to persuade, cajole and, in some circumstances, compel, others to line up behind a strategy which is not a priori theirs. The Cabinet's tasks, in other words, have involved

managing a real imbalance of power between the President and others which Commission institutions do not officially acknowledge.

We could discuss these tasks in the abstract, but it would convey a false picture of the Delors Cabinet. This is because the Cabinet was constituted out of concerns which are a priori to performing explicit jobs. First, and most important, Cabinets are personal staffs, and the Delors Cabinet is not exceptional: Jacques Delors' own approaches and methods of work have thus been central in defining the nature of the Delors Cabinet. The Commission President is a gifted strategist who has pronounced personal approaches to his strategic tasks.<sup>6</sup> He spends enormous amounts of time reflecting about what "lines" can be cast into the near future around which present action might be constructed.<sup>7</sup> Behind the production of these scenarios lies an enormous investment of personal energy and a characteristic style of work. Delors sees himself as constantly engaged in an search for the dynamic meanings of processes around him to find the openings that these meanings imply. In each of his activities he constantly scans his environments through exhaustive ingestion of dossiers - provided by the Cabinet, personal contacts at all levels, careful analysis of the press and public documents and, finally, an explicit search for pertinent "intellectual" materials which often lead him into conceptual areas where one rarely finds most politicians.<sup>8</sup>

The Cabinet's collective action has thus been structured around Delors' strategic reflection and its products. The Cabinet as a whole and each Cabinet Member within his/her portfolio must derive practical policy solutions from the general Presidential "line" and develop argumentation necessary to implement them in general and in specific areas of competence. For each individual Cabinet member the work of assimilating and "translating" Presidential strategy is the beginning of everything else. Such activities start in dialogue with the

---

<sup>6</sup> To understand this one has but to read Delors' speeches over the years carefully, beginning with his annual programmatic address to the European Parliament.

<sup>7</sup>What we earlier called the "Russian Doll" approach for the first years after 1985 approach flowed from Delors' notion that tactical choices which European actors made in response to Commission and Presidential impulsion should bear deeper orientations which would engage them in more thorough-going longer-term programs, sometimes despite themselves.

<sup>8</sup> It is shameful that there exists no adequate biography of Jacques Delors to explore these things. Gabriel Milesi's Jacques Delors (Paris: Flammarion, 1985) useful and chatty but under-researched and under-rigorous. More recently, Bernard Maris, Jacques Delors, artiste et martyr (Paris: Albin Michel, 1993) is a disgraceful polemic.

President, written or face to face. Everyone reads and masters every important Presidential speech, for example, for indicators of general lines. And the exchange of periodic "notes," either commissioned by Lamy and/or Delors or produced for them by Cabinet members scanning their particularly policy environments, is a central strategic communication. Cabinet members can also acquire a degree of independence and strategic initiative, however. Often the Presidential line is quite general, even schematic, leaving room for creative translation into policy proposals. Moreover, at times the meaning of a general line may not be completely clear, perhaps because Delors himself is inching forward towards new ideas. In such cases the Cabinet may interact with the president to help generate new clarity which, if Delors takes the lead and defines the conclusions, may in reality be collectively produced. In general, the Cabinet is an essential source of raw material for the President's strategic reflection process.<sup>9</sup>

The Delors approach is, among other things, a moral quest. Delors is an extraordinarily "protestant" person - Jansenist? - for whom order and moralization in the world cannot be taken for granted, but must be created and recreated by personal "implication." Delors works with fierce dedication, conviction and rigor and he holds everyone around him to the same standards. It is impossible to be a member of the Delors Cabinet without the same kind of total devotion.

Delors' particular methods have dictated another important Cabinet role. Many, if not most, major politicians are "managers" working off the conclusions of meetings and staff consultations. The Delors' approach is more private, involving reading, reflecting, and synthesizing an enormous range of materials. It demands the liberation of substantial Presidential time and space, not an easy job given the pressure of necessary public and other engagements. The Cabinet must quite consciously protect the President from an inundation of

---

<sup>9</sup> "Para-Cabinet" agencies like the Cellule de Prospective, the Service du Porte-Parole and various units of the Secretariat-General (which reports to the President) also have important places in this intellectual dispositive at the President's service. The cellule is an important source both for general reflective surveys of important policy areas, longer-range "think tank" type reflection and regular fiches de lecture in different, and sometimes quite high intellectual, areas. The Porte-Parole provides the President with essential daily reflective material, and the President's morning discussion of important issues raised by the press is an essential political and intellectual moment. The operations of Political Cooperation have become central sources of information and reflection about foreign affairs.

paper and appointments.<sup>10</sup> Being supervisor of this collective task of gatekeeper to the President has conferred tremendous power on Pascal Lamy - to be sure premised upon the almost symbiotic relationships between himself and Delors. Lamy essentially determines much of what and whom Delors should deal with. Moreover, for someone capable of considerable personal combativeness, Jacques Delors has limited personal taste for conflict. Thus the Delors Cabinet quite self-consciously has served as collective "point man" for the President, assuming an important portion of the harshest day-to-day political and policy conflict of the Commission.<sup>11</sup> These "protective" roles have become progressively more important as the President's international commitments, commensurate with his strategic success and the increased importance of the Community in international matters, have come to take ever more Presidential time and energy.<sup>12</sup>

Delors approaches and habits have been the principal structuring element of the Delors Cabinet, but there are others. Other Commissioners, Cabinets, and the services have exercised their influences, for example. There is inevitably a range of ambition, method and level of competence in other members of the College. Commissioners are appointed by their national governments according to standards which may not always have the effective and energetic functioning of the Commission at their heart. They may be more or less competent, industrious, experienced, and gifted for "collegial" processes. Their Cabinets can likewise be more or less focussed and hard-working.<sup>13</sup> Whatever the case empirically, it has fallen to

---

<sup>10</sup> One of the major functions of the weekly Cabinet *dejeuner*, which we will discuss in greater detail later, is a process of negotiating the rationing out of the President's time. Here the tone is often one of solicitous protection of the President from his own propensity to accept too many invitations and appointments.

<sup>11</sup> In part, of course, this is another artifact of the Collegiate form of the Commission. Because consensus is the ultimate goal of the College, Commissioners must avoid constant open conflict with their peers, lest accumulated rancor cause discussion to break down or become permanently impaired. Thus all Cabinets are "point people" for their Commissioners, to a degree. Jacques Delors may, however, be even more reserved about open conflict than most others, partly for reasons of personality and partly because he needs to store his power and argumentative resources for the most essential issues.

<sup>12</sup> Delors had a tendency to accept too many invitations and responsibilities between official EC matters and his French concerns. The Cabinet, prodded by Lamy, tried very hard to prevent this from getting out of hand.

<sup>13</sup> Cabinet members are usually chosen for their proven skills, but there is an inevitable amount of cronyism and national preference. The most important explanation for Cabinet variations beyond personnel choice is the relationship between Commissioners and their Cabinets. Some Commissioners may use their



Delors and his Cabinet together to generate much of the work of the Commission plus consensus that this work should follow the President's chosen strategy. Delors himself must do careful politics with his fellow Commissioners, especially with those who don't agree or don't get along with him very well.<sup>14</sup> But Delors dislikes confrontation, as we have noted, and it makes good political sense for him to keep as many of his own resources in reserve to handle the hard cases. Thus the Cabinet has been charged with doing the hard work "in the trenches."

There are similar things to be said, in the abstract, about the Commission's services. As a rule the Commission's administration is high in quality and strongly motivated. Like all administrations, it is nonetheless prone to self-protective conservatism, tendencies towards the feudalization of jurisdiction and inadequate comprehension of the complexities of political priority setting. Such chronic issues are important, but probably less significant than the cumulative effects on the services of the Community's reanimation in the later 1980s. The White Paper, the Single European Act, the "Paquet Delors" and a whole host of associated fundamental changes, coming after a long period of stagnation and administrative demoralization, produced an avalanche of new policy goals and activities. In consequence the earlier division of tasks among and within General Directorates has sometimes lost the logic it once had.<sup>15</sup> And, more generally, the increased demands on all services has put a premium on the development of new support services, particularly for coordination and information processing.

The effects of change upon a traditional division of labor which was never really

---

Cabinets to superlative ends. Others are not skilled users of Cabinets at all. Commissioner-Service dimensions vary as well. Some Commissioners interact with and shape the products of their services with great skill. Others may become the "tools" of these services such that the task of political guidance of policy production lapses altogether. Still others may have little or no effective contact with services, leaving this task to their Cabinets. There are Director Generals today who rarely see their Commissioners - one recently spoke of "once a month," for example.

<sup>14</sup> Leon Brittan being a good example of the first and Frans Andriessen the second in the Delors 2 Commission.

<sup>15</sup>In some cases tasks which now quite obviously ought to be unified in one department or functionally federated are divided among several General Directorates. This problem can be compounded by the fact that Commission responsibilities for such tasks are also sometimes divided in manifestly dysfunctional ways. Such has been the case for "foreign affairs." In others the traditional approaches of a specific administration have been severely challenged by change.

adequate to the task has meant that coordination around the Commission and Delors' strategy has called for energetic mobilization from above, a role which has usually fallen to the Delors Cabinet. The Cabinet is often called upon to create linkages between services which ought to occur automatically. Finally, in instances in which an administrative unit has not sufficiently adapted to change to produce the necessary product or is not working very well more generally, the Cabinet may have to intervene to help do the actual work.

## II. Structures: A Purpose-Built Instrument

The "constitution" of the Commission, the nature and needs of Jacques Delors as Commission President and the complexities of the "house" have thus, over time, established a set of roles for the Delors Cabinet. But there are a number of different ways in which such roles could have been combined into a specific Cabinet structure. The actual structures are quite unique.

The Delors Cabinet is strongly hierarchical. Final authority and directive power rest firmly in the hands of the Chef de Cabinet Pascal Lamy, also the architect of the Cabinet. At the same time Cabinet Members have a large degree of operational autonomy. Once they are clear about the general logic of Presidential strategy they are free to operationalize it in their portfolio areas, subject to regular reporting to Lamy. One Cabinet member rather playfully referred to the Cabinet's system of organization as "military autogestion." Explicit "group" mechanisms of coordination and solidarity maintenance are notable for their absence. There exist no general, formally-organized intermediary levels between Lamy and decentralized operations beyond a weekly lunch meeting.<sup>16</sup>

In the abstract one might anticipate that such a system would have problems of insufficient communication and information flow. These dangers are largely avoided by a felicitous combination of relatively small Cabinet size, Lamy's personal capacities and the

---

<sup>16</sup> Once a week, usually on Thursday, there is a Cabinet lunch. During the six months or so that I attended it it was a relatively low key affair, a mix of "conviviality" and low-key seminar, usually dominated - as was the Cabinet in general, by Pascal Lamy. The seminar dimensions of it were often interesting and revealing. What preoccupied Lamy was usually a central issue either for Delors or for the Commission. During 1991 it was most often foreign policy matters, which Lamy and Delors were both learning on the job. Lunch discussions were ways of sharing these concerns and bringing Cabinet members who were peripheral to such matters into the debate. The other major agenda item of the lunch was discussion of Delors' appointments over the next few weeks. Beyond the weekly lunch, informal small groups of Cabinet members often ate lunch together, usually to gossip and compare notes. But there was very little off-work socialization.

centrality of unfolding Presidential strategy. The Delors Cabinet, official members plus "para-Cabinet" figures came to 14 people all told.<sup>17</sup> The relatively small size of the group meant that

---

<sup>17</sup> As on January, 1991 the Cabinet was composed of the following, in rough order of prominence:  
–Chef, Pascal Lamy (French, ENA-HEC. Inspecteur des Finances, Director of CIASI, Delors Cabinet after 1981, Mauroy Cabinet no. 2 after 1983), Delors Chef from beginning in 1985.

–Chef-Adjoint, François Lamoureux (French, Law School, Law Professor-Nancy, involved in French PS, EC Civil Servant, worked with Davignon, Legal Services). From original Delors Cabinet of 1985, made no. 2 in 1988. Supervised internal market, Maastricht political union preparation plus legal side of EMU, competition policy.

–Jean-Charles Leygues, (French, provincial university, EC civil service, worked in Ortoli and other Cabinets, budget directorate), Cabinet jack-of-all trades - industrial policy, personnel, budget, including Delors 2 package. Cabinet from 1988.

–Joly Dixon, (British, economist from University of Leeds, EC civil service, including Washington delegation), chief advisor on EMU, aid to Eastern Europe, EIB.Cabinet from 1988.

–Bernhard Zepter, (German, diplomat with experience in Bonn, NATO, Africa and GATT), foreign affairs, joined 1990.

–Jean-Luc DeMarty, (French, ENA, expert on agricultural forecasting at French Ministry of Finances), agriculture - reform of CAP, transports.

–Lodewijk Briet, (Dutch, lawyer, EC Civil Servant, Andriessen Cabinet), competition policy, environment, joined in 1989 .

–Patrick Venturini, (French, CFDT research department, Ministry of Finances, Cellule de Prospective 1987), social affairs (Charter and Action Program), audiovisual, education, joined 1988.

–Christine Verger, (French, Doctorate from Science Po, Paris, EC Civil Servant, Varfis Cabinet), relations with European Parliament, Delors' relations with French politics and PS, joined 1988.

–Fabrice Fries, (French, ENA and Ecole Normale Supérieure, Cour des Comptes), speechwriter, joined 1991, eventually took over transports and third-world development.

–Pierre Nicolas, (French, EC Civil Servant from DGVI, agriculture), Cabinet administrator - personnel, material arrangements, Delors transportation. Not officially Cabinet, no policy responsibilities. Since 1985.

#### "Para-Cabinet"

–Gunther Burghardt (German, EC civil servant, until 1988 chef-adjoint of Delors Cabinet, since Political Director for Commission in European Political Cooperation).

–Jerome Vignon (French, Polytechnique, Delors staff after 1981, original Cabinet member from 1985), Principal Director of Cellule de Prospective from 1989.

–Bruno Dethomas (French, Economics editor of Le Monde until 1989), Spokesman, Press Secretary for Commission and Delors.

virtually everyone had multiple assignments in their portfolios. This meant, among other things, that almost everyone had to master areas which fell considerably outside their preexisting fields of expertise.<sup>18</sup> Rather more to the point, multiple responsibilities pointed each Cabinet member in different directions of collaboration with their Cabinet colleagues, forged functional and personal relationships and a sense of collectivity. There was a dense pattern of internal communication and meetings, flexibly organized around specific tasks and functions, such that most Cabinet members encountered and communicated with one another around targeted problems and policy areas.

The key to ensuring the coherence of the Delors Cabinet was Pascal Lamy. Coordinating a group whose effective geometries were constantly changing in response to different policy demands demanded a rare set of skills. Lamy is extraordinarily gifted at the rapid assimilation and synthesis of a huge range of materials - to observe him read through a thick dossier, synthesize its contents and fit them into both a Commission programmatic context and the broader Delorist strategy is to witness a theatrical performance. Because of this gift, Lamy is able to direct his colleagues and arm himself with an extraordinarily wide vision of the place of their work.

Contact between Cabinet Members and Delors was necessarily much less frequent, given the nature of the President's tasks and the explicit goal of the Cabinet to "protect" his time and energies. Delors very occasionally came to the Cabinet's Thursday lunches, usually to mobilize the Cabinet for an important policy development task - "after the President comes, everyone lets out the clutch," in the words of one Cabinet Member.<sup>19</sup> Delors was nonetheless indirectly omnipresent. Each Cabinet member was obliged to maintain constant reference to Presidential strategy in order to locate work in his/her portfolios. Delors himself read a wide

---

<sup>18</sup> An example will illustrate this. Patrick Venturini, Delors social advisor, author of the Social Charter and Action Program and former French CFDT union researcher, also did education, training and audiovisual matters. The last he knew nothing about prior to joining the Cabinet in 1987. Yet by 1990-91 he found himself in the middle of the complex issues of technological and industrial policy, not to speak of the baroque politics, of Commission discussions on High Definition Television standards.

<sup>19</sup> In my period of observation - continuous for nearly six months, then periodically later, Delors appeared three times, essentially to get the machinery going for the "second grand rendez-vous," aka the Delors 2 budgetary package.

range of Cabinet-produced documents - memos and "think pieces"<sup>20</sup> - and sometimes responded (although often weeks after receiving them). Cabinet members engaged in policy dossiers closest to immediate Presidential concerns would often work more directly with Delors, of course. Lamy had also devised another mechanism to facilitate such direct contact. Delors was, of course, a frequent traveller, both internationally - part of his strong efforts to promote an EC foreign policy presence, and in France, where he cultivated a low-profile political presence. Most of these these trips fell within a specific policy area - a speech to agricultural interests, labor, a university, etc. While Delors had an assistant for such matters (chartering planes, arranging accomodations, cars, etc.) it fell to the particular Cabinet member in whose policy area the trip fell to organize the details and to accompany Delors.<sup>21</sup>

The deliberate lack of general intermediary Cabinet "coordination" had its own functions, most of which Lamy had planned.<sup>22</sup> Perhaps most important, it completely disallowed any collective nourishing of the etats d'ame which were inevitably generated by the demanding professional activities of Cabinet Members. Individuals might grumble or complain to one another, but there was never an occasion for the Cabinet as a whole to rehearse its many problems. Beyond the not inconsiderable time gained from foregoing explicit group-sustaining rituals, the personnel implications of this were important. For only the kind of person who could sublimate the inevitable personal discomforts of Cabinet work, who possessed the internal resources to start, sustain and satisfactorily complete complicated

---

<sup>20</sup> Delors and Lamy both solicited short reflective essays which went well beyond specific policy issues in a direction of practical social science and social theory. Both the President and his Chef were unusually interested in thinking through the meaning, logic and direction of things. Delors also systematically received "notes de lecture" on important intellectual writing, more often than not French, from the Cabinet and Cellule de Prospective.

<sup>21</sup> This could be a complicated as well as uplifting experience, of course, because Delors is an unusually intense and demanding character.

<sup>22</sup> The absence of the kinds of explicit "group forming" general mechanisms of intermediary "coordination" - all-inclusive group brainstormings, morning collective discussions and the like - flow in part from recognition that such forms take precious time and add additional meetings to the schedules of people whose space for reflection is already perilously crowded. The kinds of "functional" collectivities which follow from the workings of "flexible coordination" - recent examples include groups on electronics, Japan, Eastern Europe, the Soviet Union and the Paquet Delors II - create internal solidarities and present the added advantage of deepening ties between Cabinet members and key figures in the Commission's services. It is in the nature of the Cabinet's division of labor, however, that some Cabinet Members are less frequently included in such ad hoc group work. The interpersonal austerity which this creates is the most consistent low-level complaint one hears from Cabinet members.

institutional struggles on his or her own and who could assume full personal "implication" in the Presidential strategy could survive. Thus ultimately, the Presidential Cabinet was structured to responsabiliser individuals motivated by inner-directed moral convictions not unlike those of President Delors himself.

There were other, more affective, sources of cohesion and coordination. Given the pre-1985 trajectories of both the President and his Chef de Cabinet the Delors Cabinet was particularly steeped in French administrative and political cultures. As the standard reference work on French Cabinets notes, "un cabinet, c'est une équipe autour d'un patron." Beyond centralization, this meant that loyalties were not to administrative abstractions but to a person, with solidarity endowed by the particular mission of the patron.<sup>23</sup> By being the center of an evolving set of ideas and principles Jacques Delors added a "mission" side, such that his Cabinet was constituted by individuals who combined loyalty to the patron, a particularly French devotion to public service and militantisme.

Cabinet members were thus imbued with a particularly French political style in which agreement on principles and strategy, derived from the Delors strategy, existed prior to administrative action. The art of the militant then came into play. From general "line" the Cabinet Member would deduce specific proposals and devise operational plans and arguments in support of them while anticipating any and all counterarguments.<sup>24</sup> The general style was thus a combination of French "command" administrative practices and the approaches of French political organizations.

### Leadership

Within general institutional constraints and those created by the Delors' persona and approach the system was also designed around Pascal Lamy's own needs and style. "Military autogestion" - a command relationship with Lamy coupled decentralized operational autonomy, militant self-"implication"<sup>25</sup> and the complete absence of any "human resources"-type techniques of group solidarity creation and maintenance - owed much to Lamy's own

---

<sup>23</sup> Guy Thuillier, Les Cabinets Ministériels op cit. p. 19.

<sup>24</sup> The contrast here is between a strongly deductive political style in which first principles and ideas are assumed and the more inductive approaches of other European administrative and political traditions.

<sup>25</sup> My first detailed conversation with Delors about his own staff elicited the revealing remark that "to be in my Cabinet people have to 'implicate themselves,' and it is hard for them, hard on their lives and their families..."

role. The Lamy method of management involved systematic "double-checking" and supervision of all dossiers in evolution - the whole system was built around a double-system of dossiers, the first in the hands of the Cabinet Member responsible, the second for Lamy (and, for certain important matters having to do with the Single Market and competition policy, for Lamoureux, number 2 until late summer 1991). For this system to work Lamy had to have enough time to intervene actively in a dossier's progress as needed and be accessible to Cabinet Members.<sup>26</sup>

Lamy was as much "operational" as managerial and needed time and space to do a number of his own duties. He made frequent voyages and responded to matters of urgent immediacy (aid to the Kurds, etc.). Lamy had a crushing load. He was in constant touch with Delors, beginning with an early morning press review with Dethomas and Delors which the President used as both a high political seminar and a mood stabilizer. He ran "the house" through his control over the Commission agenda (with Williamson) and his ability to command attention from General Directors of the administration, many of whom he had named since 1985. He anticipated and promote the development of strategically essential dossiers by the Cabinet and services, alerting staff - often including commissioning "think work" by the cellule de prospective, coordinating meetings, assigning tasks and stimulating activity on issues often long before they "went public." He also conducted a great deal of Delors' "diplomacy," in a literal sense as G7 sherpa,<sup>27</sup> and more quietly through his network of contacts in key Community member states (particularly Bonn) and dealings with high business figures.<sup>28</sup> In all this he remained fastidious in his availability to his own Cabinet Members. He responded rapidly to their written materials - having trained them, when necessary, both how to pass upwards concise memos and "think pieces" about their work (essential for Delors'

---

<sup>26</sup> To make the system work Lamy had to be teacher as well. The uniqueness of both the Delors Presidency and the Presidential Cabinet has meant that "new" Cabinet members have had to undergo an important degree of "on the job training."

<sup>27</sup> Reflection on foreign policy matters was perhaps the most central activity of Lamy and the Cabinet during this period.

<sup>28</sup> Lamy also maintained a presence within the French PS, having been important in managing campaign funding at certain points, working in the Comité Directeur, and, recently, running for Parliament - he was defeated in a formerly Rocardian seat in March 1993. In his PS activities Lamy has simultaneously pursued his own ambitions - he was often been mentioned as an eventual Directeur du Trésor and Minister - and those of Delors.

consumption) and how to decode his own cryptic marginal remarks. Lamy was a dedicated telephoner and an avid user of the "bigaphone," the Cabinet's intercom system, into which he barked instructions and incitations as needed. He was also available to meet face-to-face on demand.<sup>29</sup>

Moreover, as we have earlier noted, Lamy, with the Secretariat-General (responsibility for which was in Lamy's personal portfolio) planned the Commission's program, including specific agendas for the Commission's weekly meetings. These tasks were substantive as well as procedural. At weekly Chefs Lamy stood alone as the last barrier to inadequately executed and/or politically disagreeable - from Delors' point of view - before it is passed upwards to the Commission and the President himself.<sup>29</sup> To Delors the success of such work was essential. The Commission meeting itself is a difficult place to manage conflict. Presidential political resources spared by the prior resolution of potential conflict could be put to use fruitfully for other purposes. Lamy "took" a great deal of the Commission's internal conflict for Delors, therefore, exercising a very wide range of political autonomy, up to and including the floor of Chefs Cabs.

François Lamoureux, Deputy Chef for two-thirds of 1991, substituted for Lamy his occasional absences. Lamoureux also had subarea supervisory roles in coordinating of Single Market 1992 matters.<sup>30</sup> Quite as important, in 1991 he was charged with coordinating the production of all of the Commission's papers for the Political Union Intergovernmental IGC as well as following the actual negotiations. Lamoureux had already been a central, and very successful, figure in putting together the Commission's Single Act positions in 1985. For the

---

<sup>29</sup> Extraordinary time-management skills are obviously one key to Lamy's ability to do all of these things. Systematic review of several months of his appointment book demonstrated this, revealing that Lamy, in fact, made relatively few formal appointments and only for the most important things - important visitors and policy area task forces of key Commission figures to coordinate vital policy issues. Lamy, like Delors, kept time to himself, for dossier and Commission work and to be free to deal with the Cabinet. He also managed to run almost every Thursday in one of the forests around Brussels - he has competed in marathons. Another important secret is his secretarial staff - his principal secretary is an essential filter for him and shares many of his talents of shrewd and quick assimilation of materials and rapid decision making.

<sup>29</sup> This garde fou work had a behind-the-scenes dimension as well. When Lamy saw undesirable work flowing upwards, beyond inciting Cabinet Members to deploy their efforts to modify or stop it, he could intervene personally with other Cabinets and the services by telephone or face-to-face.

<sup>30</sup> In this capacity, among other things Lamoureux was responsible for overseeing the "automobile" area culminating in the summer 1991 accord with the Japanese.



pre-Maastricht period the Single Act approach had been resurrected. Thus Lamoureux teased proposed treaty changes in raw form out of Commission services and coordinated a weekly meeting of the "group of 4" insiders who strategized on pre-Maastricht matters and reviewed texts as they developed.<sup>31</sup> Lamoureux himself was usually the final author of the Commission's Maastricht papers. He also carefully supervised competition policy matters - an area where delicate French issues had a habit of arising and where there was ideological conflict between Delors and Sir Leon Brittan.<sup>32</sup>

One other Cabinet member stood out somewhat above the lot of foot soldiers, Jean-Charles Leygues (who replaced Lamoureux as number 2 in August, 1991 when Lamoureux went to Paris to be second in command for Edith Cresson). Leygues, who is at the center of the monograph on industrial policy in Appendix 1, was an indefatigable master of the intricacies of "the house." He had a huge portfolio which included coordination across a large number of administrative services.<sup>33</sup> That Leygues also oversaw personnel matters was no accident. Making sure the right people ended up in the right top places in the Commission was an essential piece for Delors' strategy, and Leygues was on the front line of this. Power over personnel matters, combined with the very breadth of his portfolio and his wide range of in house contacts gave Leygues considerable power, which he used with great assiduity as what General Secretary David Williamson noted, "our best wallpaperer."<sup>34</sup>

The Delors Cabinet was not a classic "staff and line" organization, despite its hierarchies. Each portfolio was different. But there did exist a rough division between portfolios

---

<sup>31</sup> The Group included Jean-Louis DeWost, head of Legal Services, Claus-Dieter Ehlermann, a former Legal Services head and Commission spokesperson and present head of DGIV (competition policy), and David Williamson, Secretary General. Delors would usually attend as well. There was an analogous group on EMU.

<sup>32</sup> There were huge fights about various French competition policy matters, including one over fines to Renault, various state aids (to Bull computers) and the attempts by France's PMU (parimutual betting system) to internationalize.

<sup>33</sup> He oversaw industrial policy and research and development, for example, as well as budget forming. He was also charged in 1991 with preparing the Delors 2 package and worked, with Assistant-General Secretary Carlo Trojan, on a plan for restructuring the Commission's own organization (which began with an internal survey called a "screening").

<sup>34</sup> What Commission and services do least well is collaborating across a wide range of different sectors in the development of general policy and, more particularly, in response to urgent demands. Leygues, along with the Chef and Deputy Chef, is a specialist in nursing strategically palatable policy products out of administrative and political inertia and, when need be, out of querrelousness.

which involved detailed policy development and oversight in limited specific areas and those of a more generalist and horizontal kind. The Leygues portfolio stood out, for example, for a horizontal breadth rivalling those of the Chefs and Deputy Chefs. Most of the rest were relatively specialized, involving in-depth technical knowledge in limited areas - here agriculture, competition policy social affairs and relations with the Parliament come to mind. In these cases, where frequent participation in the Cabinet's flexible system of functional area groups was somewhat less likely, the possibility of relative isolation increased.<sup>35</sup>

### III. Cabinet Practices

So much has changed in the Commission's situation since 1991 that it may be easy to forget Delors' ambitious strategic perspectives in the pivotal pre-Maastricht moment when we did our field work.<sup>36</sup> The Presidential Cabinet in 1991 worked in a field characterized by the multiple conflicts of interests which Delors' strategic and procedural goals intensified and sometimes created. Institutionally, the Commission's President had few explicit political powers and procedural resources to pursue the kind of strong strategy he was then promoting. His and the Cabinet's problem, crudely stated, was to make the Commission function more like a real government and less like a College, while simultaneously preserving collegiate forms and ethos. Implementing a strong strategy involved sorting out a wide range of conflicts surrounding its actual content. To an important degree they succeeded. How and Why?

#### Personal Qualities

What general aptitudes did the Cabinet bring to this complicated situation? Here it is

---

<sup>35</sup> A number of interview respondents from outside the present Cabinet - either former Cabinet Members of high administrators in the services - claimed to see "informal" networks of influence among Cabinet Members, particularly with reference to access to the President, parallel to, and somewhat different from, official lines of responsibility. It is difficult to find much evidence to support this, however.

<sup>36</sup>At this point the strategy sought to construct a Community which would be an "organized European space" able to assume the full international weight to which its economic power entitled it, as opposed to a simple free trade zone. Beyond constructing a genuine internal market, negotiating economic and monetary union, creating treaty legitimacy for foreign and security policy and acting to enhance the Community's democratic legitimacy, as of 1991 this involved the development of a European industrial policy, elaboration of the social dimension, the promotion of intra-Community solidarity and cohesion (regional policies), the building of trans-Community communications, transport and energy networks and, eventually, new policies for the environment. There was an institutional side to the strategy as well. As the substance of this "organized space" was built, the institutional basis for continuing European construction into the future would be elaborated simultaneously. More specifically, this "federal approach" involves ensuring that the Commission maintained its relative weight and distinctive "proposition force" in the European institutional triangle (Council, Commission, Parliament) as Europe more generally became a more significant actor.

obligatory to list those aptitudes which the Delors Cabinet would share with any such high level operations. Cabinet members had all to possess a high level of technical and organizational skills, and it was the essence of their work to combine them. All had to be experts at the rapid management of priorities, without which each and every portfolio in the Presidential Cabinet would be much too large for one person to subdue. Indeed, communication downwards and upwards about priorities premised on triage skills may well be the lifeblood of Cabinet work. Another essential Cabinet skill was the ability to constitute and use pertinent networks to generate the products desired. The Commission (other Cabinets, the services) and the other pertinent locations for Cabinet activities, like all institutional environments, were replete with their allotted quanta of inadequate structures, inefficiencies and refractory people. Networks to circumvent such problems were thus essential. The power and centrality of the Presidency helps in constituting them, but the entrepreneurial skills and knowledge of the terrain of Cabinet members was critical.<sup>37</sup>

One expects individuals entrusted with such important jobs to possess these kinds of technical skills. The Delors Cabinet demanded more, and this was what made it interestingly different. The nature of an ordinary Cabinet work week is more than a detail. The "normal" in-office day - and many days were not normal - ran twelve hours or more, from starting time in the morning (which varies around 8:30 am) until 8-9 pm. Working in the later evening hours was functionally precious to Cabinet work, not an artifact to demonstrate commitment. In ordinary circumstances most official Commission business ended by early evening - circa 6:30 pm. The hours immediately following became essential moments for reading, writing, reflection and, above all, contact with Cabinet leadership. Lamy and Lamoureux did much of their *tete a tete* meeting with their charges during these hours. Weekend coordination meetings were also common. Moreover, every Cabinet member put in additional hours at home. In toto, Cabinet work took up virtually all the Cabinet Member's available waking time.

---

<sup>37</sup> Like all complex organizations, the European Commission is filled with conspiratorial rumors about the occult workings of networks, the bulk of which being either untrue or tremendously exaggerated. It is nonetheless the case that mobilizable networks of many kinds do exist as a resource for Commission actors, including the President's Cabinet. There are various national networks, for example, including a powerful French one. There are also political networks, including a Socialist one. And there are more informal networks of friends and contacts developed during careers in the Commission's services.

Space for family, culture, social life was thus severely constrained.<sup>38</sup> Lamy himself would sometimes refer ironically to the côté baigne - the prison-like side - of Cabinet life.

It is essential to know why individuals were willing to accept such a demanding regimen. Answers about ambition and career advancement were, of course, pertinent. It did not hurt anyone's biography, particularly those in Community service, to serve in the Delors Cabinet - the Cabinet members who left the Cabinet during and after my observation period invariably found plum jobs.<sup>39</sup> There were many easier ways to advance Commission careers, however, especially for individuals of the calibre who serve in the Cabinet. When asked about the main source of their motivation, Cabinet members themselves provided revealing answers. The Delors Cabinet was organized around an ethos whose existence was undoubtedly the most salient explanation for exceptional commitment. Cabinet Members were to work harder, understand things more fully and be better prepared than the "others" it dealt with, from the highest level of conceptualization to the smallest details. In other words, the Cabinet should always possess a "longueur d'avance" and be willing to take whatever risks were necessary to make the Presidential position prevail. Everyone announced that working with Jacques Delors involved collaborating with a unique political figure and making a clear contribution to the construction of a new Europe. Commitment to the President and his strategy combined with strong belief in the cause of Europe was thus the premise for accepting the Cabinet ethos and its militantisme.

This commitment was not only, or even principally abstract. Structured processes constantly regenerated it. Partly as a function of the construction of individual portfolios, partly because of the large number of high priority items on the Delors agenda, each Cabinet member dealt almost every day with matters which were central to the success of Presidential

---

<sup>38</sup> In the same week I heard from Lamoureux and Leygues about their home lives. Lamoureux rarely left for home before nine p.m. - he lived within quick walking distance of the Commission building. When he got home he would eat, "watch a half hour of a film on TV...and work for a couple of hours before going to bed." Leygues, who was then engaged in the planning stages for the Delors 2 package but who had young children to whom he was completely devoted, announced that "I would set the alarm for two in the morning, wake up and work on the package for a couple of hours, and then go back to sleep," then wake up again at normal hours to drive his daughter to school and come back to the office.

<sup>39</sup> Briet became a key operative in the foreign policy end of the General Secretariat. Lamoureux went to the Cresson Cabinet, then returned to Brussels in the General Secretariat charged by Delors with the conceptualization of subsidiarity. Dixon became Director Economic Policy in DGII (Financial Affairs). Leygues became Director for Budget in DGVI (Structural Funds).

strategy. Cabinet members were thus constantly aware that if they do not use every talent and effort to overcome the immediate problems of their own daily work the entire strategy might be compromised.<sup>40</sup> The structuring and small size of the Cabinet thus built in their own motivating logic. In large part this also explains what makes autogestionnaire decentralization, which often left some Cabinet members painfully alone with their tasks, tolerable. Decentralized though the actual work of Cabinet members might be, their interdependence for the success of the total strategy created a "team."

Resources and Techniques

What might be said generally about the resources which Delors Cabinet members brought to bear to succeed? The best hints of answers to this came from other Cabinets and the services.<sup>41</sup> The superior level of preparation and stronger commitment of the Delors

---

<sup>40</sup> One has only to run down the list of Cabinet members - omitting the Chef and Chef Adjoint - and their portfolio attributions to see this:

<u>Cabinet Member</u>	<u>Strategic Dossier</u>
Leygues	Organized Space: Industrial Policy, Cohesion Institutional: Personnel
Dixon	Institutional+Organized Space: EMU International: USSR+Eastern Europe
Zepter	International: GATT, EFTA negotiations
Demarty	Organized Space: PAC reform
Briet/Pons	Organized Space: European economic coherence and EC competition law; Environment
Verger	Institutional: Relations with PE
Venturini	Organized Space: Social, HDTV, culture.
Nicolas	International/Institutional: Presidential Organization

<sup>41</sup> Such evaluations are not always offered in the friendliest of terms. An abbreviated list of the pithiest descriptions of the Cabinet may be of interest:

- "...one of the best ever" (a Commission insider with extensive Cabinet experience)
- "...Can't imagine what Delors would be without his Cabinet.." (important service figure)
- "...a gang..." (several times, including from inside the Cabinet itself)
- "...commandos..." (idem)
- "...parachutistes..." (idem)

Cabinet which we have just discussed were widely recognized. A certain "Frenchness" of the Cabinet was equally cited, admired if rarely loved.<sup>42</sup> The meaning of this Frenchness was not always consistent but it began with universal recognition of the Cabinet's high levels of French administrative professionalism.<sup>43</sup> It also had a political dimension. The Cabinet's high levels of strategic conviction and energy made it virtually unstoppable. Respondents almost always added that administrative cultures based on traditions of inductive discussion and/or a priori commitment to compromise and splitting differences were simply outclassed.<sup>44</sup>

#### Persuading the System to Cooperate

Beyond providing intelligence, data and concepts for the Presidency, the main tasks of Cabinet Members involved management of the flow of various pieces of Commission policy, imprinted with a Presidential strategy, through the instances of the Commission. Each member had thus to map the various networks, available resources and cleavages in his/her area and then to organize them to promote success. A good deal of standard political work had to be done to contact the appropriate people and persuade them to accept the Presidential position prior to any public occasion. Strong conviction, backed by superior preparation and argumentation were the essential currencies in this.

- 
- "...always two or three lengths ahead of everybody else.." (another Chef Cab)
  - "...Better prepared than anyone else.." (another Cabinet)
  - "...Everyone else is always surrounded by the President's Cabinet..." (idem)
  - "...kneecappers..."(Commission official)
  - "...they do Rottweiler politics.." (another Cabinet)
  - "...There are two German Cabinets in the Building including ours, but only one is Prussian, and it isn't us..." (another Cabinet)
  - "...they have a will to control everything..." (another Chef)
  - "...Bonapartistes..." (Commission official)
  - "...a blunt instrument..."(another Cabinet)
  - "...arrogant, they don't have the time to collaborate with people..."(idem)
  - "...out of touch with contemporary management techniques..." (another Cabinet, vaunting decentralized "human resources" approaches)

<sup>42</sup> English speakers often used the word "Cartesian" to summarize this Frenchness, even though, strictly speaking, "Cartesian" does not seem a particularly apt description of the Cabinet's approaches.

<sup>43</sup> This occurred in an international group of sophisticated high civil servants who were acutely aware of France's particular tradition of public service.

<sup>44</sup> By this respondents were almost always referring to the Cabinet's "Cartesian" commitment to first strategic principles and mastery of the argumentation flowing from them.

The collegiate form of the Commission, which places a premium on achieving consensus and discourages the kind of oppositional obduracy that the adversarial structures of most governments encourage, facilitated the Cabinet's task - quality paper supported by good political work carry much farther in this kind of institutional form. Collegiality more generally mean that actors - whether Commissioners, Cabinets or Services - must conceive of their interventions in terms of contributions to an eventual consensus. There is therefore little percentage in assuming a persistently negative or oppositional stance.

The most important incentives to induce cooperation nonetheless flow from the general success of the Delors strategy rather than from direct Cabinet actions. Success created a massive "electoral effect" in favor of further Presidential initiatives, enhancing the stature and power of President Delors, diminishing the desire to oppose his positions while raising the costs of opposition. This "payoff" was particularly important to Commissioners who, whatever their personal hesitations about the Delors strategy, found themselves "carried" by it to public prominence through collegiality.<sup>45</sup> Moreover, success gave the services additional incentives to cooperate because psychologically it enhanced their sense of engagement in important activities while, in many cases, increasing the practical clout of particular bailiwicks.

The de facto power and prestige of the Presidency was an important tool for the Cabinet in more specific ways. Members of the President's Cabinet could use or imply the argument that "the President wants this" with some skill. This line of argument, used sparingly, could be particularly effective because of its very ambiguity. It might be a signal that other Commissioners would have to slug it out with Delors on the Commission floor if their opposition to his position persists and/or they would have to face a Commission vote in which they risked being marginalized.<sup>46</sup> Or it could be used as a lever to prod other Cabinets as far

---

<sup>45</sup> The most common "in-house" argument about the manifest differences in collegial spirit and cooperation between the first and second Delors' Commissions had to do with the differential impact of this particular payoff. Delors I, the argument goes, started from a low point and rose together. Movement from the White Paper through the Single Market Act and the Paquet Delors demonstrated that the Commission had initiated a strategically serious and sustained campaign to end Europessimism and relaunch the Community. Delors II was composed of Commissioners who inherited "situational rents" of increased visibility and importance from Delors I. Thus, the argument continued, Delors II had a number of Commissioners with less Collegial commitment and esprit de corps and higher expectations of their due than their predecessors.

<sup>46</sup> This is an important weapon in itself, since the President's intellectual and political skills contrast with those of his colleagues if anything more favorably than those of his very-gifted Cabinet do with theirs.

as they were willing to go in order to then allow the President to compromise at a lesser, but still high, level.<sup>47</sup>

Ideally the result of all meetings chaired by Cabinet Members was consensus on positions favored by the Presidency or the isolation of those opposing such positions. One important measure of the high degree of Cabinet success was the relative infrequency of different outcomes. The Cabinet did lose on occasion. Perhaps more often, the Presidency had to strike a compromise on issues where other outcomes would have been preferable. But even when such things did occur, good Cabinet preparation often helped Delors in persuading the Commission to make movement forward more conditional than it otherwise might have been.

There was more to success, however. To get what it wanted the Cabinet had to place a Presidential strategy spin on the work of others sometimes unwilling to, or incapable of, providing it on their own. It had also be a "goatender" to stop low quality and/or politically unacceptable work. And, finally, it had to call forth almost ab initio the kinds of work which would advance Presidential strategy even when other Commissioners and the services did not produce it themselves.

There weren't very many subtle formulae to describe specific ways to produce the right kinds of dossiers when others would not automatically accept the Presidency's superior argumentation. One Cabinet Member communicated that X, his Commissioner "faisait n'importe quoi. Il fallait donc le 'violier' et travailler directement avec le service pour arriver..."<sup>48</sup> Another added that "pour entrainer le système du college le viol est nécessaire." A third noted

---

<sup>47</sup> A footnote about the role of partisan alignments may be useful. In an immediate sense, they seemed to be an unreliable predictor of behavior for Commissioners and their Cabinets and therefore an unwieldy tool for the Presidential Cabinet in its political work. Liberals disagreed with Liberals and Social Democrats with Social Democrats as often as they agreed. There did seem to be some rough and ready resources of use to the Cabinet in this, however. The major consistent source of opposition to Presidential strategy came from the liberal side in the form of preference for a free trade zone over an "organized space." Political differences among the liberals about how far to carry this preference could be played upon, however. There was an important distinction to be drawn, for example, between a continental Christian Democrat with liberal economic proclivities and an Anglo-Saxon liberal ideologue. Christian Democrats, however liberal, were open to arguments about the need for collective goods and social services - for an "organized space," in other words. Here Delors' political position, at the geometric center of the broader Social Democrat-Christian Democrat majority bloc in Community politics, was a very important political asset.

<sup>48</sup> He continued "...Le Président me conseillait de ne pas le faire...mais a cause du boulot j'étais obligé d'interpréter cela dans le sens qu'il fallait le faire mais sans que cela fasse trop d'histoires..."



that "les collaborateurs doivent savoir...faire des coups de pied au derrière." What all three were addressing was that fact that to achieve its ends the Presidential Cabinet had to be willing to break through official chains of command and responsibility. "Reaching around" Commissioners and/or their Cabinets to stimulate the production of work which otherwise would not have been forthcoming was thus common Delors Cabinet practice. The same was true of "reaching into" services whose leadership might have been refractory, slow or incompetent. Although rarer, there were even cases of "reaching into" the workings of other Cabinets on essential dossiers.

What was most extraordinary about these practices was the degree to which they were relatively uncontroversial. The Commission lived constantly with the pressure of urgent deadlines and the necessity of responding rapidly to unforeseen events. The obvious need for a degree of flexible coordination in the development of policy in a complex administration can thus be understood, especially since the President's Cabinet did have have a legitimate coordinating role to play. Being able to manage the friction which emerged from such tactics, however, was one of the Cabinet Member's more important skills. Inducing induce complicity was an essential tactic. Even when Cabinet actions breaking through official chains of command were received negatively they could be made tolerable because the ultimate success of the product which emerges could the reputations of those whose may have been "violated."

In practice, the competence and clout of the Delors Cabinet was consistently high enough during 1991 that anticipating the accolades of policy success became an important reason for the violated to accept their fate. In eliciting such complicity it helped when the Cabinet followed two basic rules. First it should avoid violation except for very good reasons. Next, when violation was necessary the Cabinet had to be sufficiently self-effacing to allow the violated to take credit for what the violators themselves have accomplished. Discretion to the point of silence about such operations was thus an important principle in this, as in other, areas.

#### CONCLUSIONS: Problems and Prospects

The Delors' Cabinet after 1985 played a somewhat hidden but nonetheless essential role in one important dimension of the renewal of European integration. Jacques Delors and colleagues quickly developed a very ambitious strategy for the Commission which, in turn, was meant to be a central part of building a new Europe more

broadly. In short, the Commission's internal resources had to be mobilized and focussed on the new strategy - 1992 and then the famous "Russian Dolls" which were to follow confirmation of the Single Market project and cash in on its political success. Explicit choices had to be made from the outset concerning the actual tactics to be followed for this mobilization task. The nature of the Commission as an institution and the generally middling capacity of many Commissioners meant that to achieve its goals the Delors Presidency would have to add something to the ordinary way things worked. Moreover, history had left the Commission's services, as of 1985, in an advanced state of demoralization. Not only had Eurosclerosis had its effects, but the difficult position of the Commission in the Thorn years had intensified tendencies towards internal feudalization.<sup>49</sup>

The tactics chosen - devised as much by Pascal Lamy as by Delors himself, were to deploy the Presidential Cabinet as a hard-nosed leader and energizer in the ways which we have described.<sup>50</sup> The "Cartesian-militant" approach to promoting the case for the President's strategy was the center piece of it all, with Lamy at the middle of the "military autogestion" system driving himself and his own troops as hard as he could. The troops themselves, "implicated" in the cause, were also very good at driving themselves. While the Delors-Lamy Cabinet was technically excellent from the outset, this was only half of the key to its success. It had to work harder, know its briefs better and be willing to fight more than anyone else.

This was a high-risk operation. The Commission might be willing to submit to a forced march, for a while. But there had eventually to be real payoffs, or else the effectiveness of the Delors Cabinet would have declined, despite its dedication. In other words, the different policy components of the Delors strategy - the Single Market Program and the first Delors Package, principally - had to succeed politically sufficiently to relaunch the Community with the Commission at its center. Success would produce an internal electoral effect in the Commission - services and Commissioners included - which would allow a further upward ratcheting of Commission activity.

---

<sup>49</sup> Given the general situation and the weakness of the Thorn leadership certain Commissioners had seized upon the relative vacuum to enhance their own power and the importance of their own bailiwicks. Davignon, Ortolí and Natali were the powerhouses, with their bailiwicks enhanced in consequence.

<sup>50</sup> To be sure, by the time we did our observation the rough edges had been smoothed and techniques had been perfected. Descriptions of the Cabinet's life during the first year or two after 1985 make it sound wild indeed. But the essential approaches remained.

In fact, the initial rounds of policy innovation did indeed work, 1992 became a household word and the member states could be persuaded - not without difficulty - to sign off on the first Delors Package. This was the turning point which produced the necessary internal electoral effect. The Delors strategy had succeeded, the Commission's prestige was renewed. In consequence the Commission and its services were then prepared to endure further rounds of upward ratcheting. Policy success and the internal electoral effect which followed also consecrated the workings of the Lamy Cabinet which we describe at work in 1991. A system which had been devised to work in the circumstances of 1985, when extraordinary efforts at mobilization had been necessary, thus became routine. "Forced march" and "military autogestion" became the ways in which Commission business was done, configured around Lamy and his team, eventually supplemented by a layer of top Commission officials.

There were certain internal costs to the approach worth mentioning. Given the unusual structural and political nature of the Delors Cabinet, a number of persistent personnel problems were inevitable. Cabinet Members had simultaneously to be the most competent of administrative officers and the most dedicated of political militants. The Cabinet's occasional "failures" indicated that such qualities are not given to everyone. Some, even when they possessed the requisite technical and intellectual credentials to be able to do the job and aspired strongly to do it fell short. Likewise, given the extreme demands and stresses of Cabinet work, the possibility of "burnout" was great. Except in very unusual personal cases, the kind of "self-implication" needed to do Cabinet work cannot be sustained for too long. The record of uneventful steady turnover in Cabinet membership reflects attention to this issue - it has been rare for anyone to last more than two or three years. In addition, there has been a perennial "cultural" problem. We have already underlined how much about the Delors Cabinet is French. It has helped that that the Cabinet has been distinctly more comradely and infinitely less stuffy than the run of énarque-dominated French Cabinets. Still, it has consistently been somewhat difficult for non-French Cabinet members to feel culturally comfortable and their "success rate" indicates that their cultural discomforts have been a real problem. They have been "fish out of water," to use the words of one of the Cabinet's more important non-French members. Finally, there are portfolio matters. Every specific Cabinet portfolio has its particular

down side and portfolio management by the Chef is an essential art.<sup>51</sup>

Such issues have been relatively small matters of management, of course. When one steps beyond them it is evident that the Delors Cabinet's effectiveness since 1985 has been impressive. As an essential component of the Delors Presidency its role in jump-starting a sedentary institutional complex and in coordinating and managing the Commission's ever-expanding production of strategically important work, the Cabinet was successful beyond any expectations. One would have thought therefore that the high level of seriousness, commitment and responsibility of the Delors' Cabinet would have provided its most emulatable characteristics. To a degree such emulation has undoubtedly occurred, if only because other Cabinets have had to learn to work better to avoid being flattened by a Presidential onslaught. Emulation of energy and effectiveness seemed somewhat less prevalent, however, than

---

<sup>51</sup> Few Cabinet Members do not have experiences with Commissioners and Cabinets who don't perform up to par and services which don't work properly. For example, it must be discouraging to squeeze out passable work from a difficult juridical, political and administrative setting in the social area and then watch it accumulate in the Council's in-basket where nothing happens, for example. More generally, a few Commissioners are notable for their absence, even when they are physically present. Finally, managing relationships with a Parliament which may cause all manner of unpredictable crises at any time must be an ungrateful task. One or two portfolios do seem unusually intractable, however. The "competition, state aids and infractions" dossier presently places its holder on the outermost battlements of the war of movement between forces fighting for a "free trade zone" against the President's "organized space" This dossier thus crystallizes what is perhaps the central line of cleavage in the Delors II Commission. Profound juridical knowledge and quickness, an intellectual capacity to make fully modern arguments in favor of economic "organization," and the political skills to manage complex tradeoffs of national interests against legal and economic abstractions are all necessary. Combining all of these qualities in one person is not easy. The most difficult portfolio, however, is that dealing with international affairs, for a number of reasons. The major problems flow from the fact that the Community, and the President, must be constantly active on the international scene in the absence of any clear definition of foreign policy competence. It is thus simultaneously unclear what should be done and clear that what is done may determine what the Community's future role will turn out to be. The issues are so important that, beyond the President himself, the better efforts of several Cabinet and "para-Cabinet" members are urgently engaged. This makes it difficult for the Cabinet Member charged with international matters to be completely clear about the definition of his duties. Beyond this, and perhaps more important, there exist persistent institutional problems. International matters are divided in a dysfunctional way among different Commissioners while their services are in the midst of a transition from "desk" to "operational" roles. The description by an earlier holder of this portfolio of his work as "carrément impossible" does not seem inappropriate. A better situation undoubtedly awaits a whole series of institutional clarifications - clear foreign policy competence through treaty changes and an administrative reconfiguration in the house. In the meantime, special care is in order. It should be said, however, that the present holder of this portfolio obviously loves his work and carries on swimmingly.

emulation of some of the President's Cabinet's more controversial methods.

The success of the Lamy-Delors team's methods may thus have had some perverse unintended consequences. The model of Cabinet activism which it has presented to other Cabinets may well have encouraged the expression of certain dangers inherent in the Cabinet system more generally. Thus other Cabinets learned that it was feasible to cross the delicate line between short-circuiting chains of command in the interest of coordination and simple meddling. In the process Cabinets began to play independent roles, supplanting or substituting for their Commissioners, in ways which become disruptive. The worst offenders seemed to come from the Cabinets of Commissioners who don't use their staffs effectively as a disciplined relay for political communication. Left without a clear role to play, but enmeshed in a broader atmosphere of frenetic activity, such Cabinets produce électrons libres who sometimes blocked the emergence of perfectly good policy from the services for bad reasons, clogged lines of communication between services and the Commission with static, and oftentimes needlessly complicated tasks of coordination. The level of complaint about such things from the services is high, even after discounting for a propensity to complain in order to protect margins of maneuver.

These are all relatively small matters, however, compared to the major problem. The Lamy-Delors method consecrated what was an exceptional set of approaches for mobilizing the Commission into a routine. This has meant that the degree of success which the Commission undoubtedly did achieve was largely due to the exceptional qualities of the Cabinet's organization and personnel over the years. The Cabinet was purpose-built and wisely staffed for a President with strong ideas and great ambitions. The success of this President's strategies, in turn, endowed the Cabinet with the kinds of resources which maximized the dynamizing capacities of its organization and personnel.

The Delors Presidency has demonstrated some awareness that the Commission should be extensively reformed to enhance its capacities to move forward without depending completely upon "jump starting" and constant prodding by an exceptional Presidential staff. The gradual replacement and replenishment of service leaderships over the years has made a difference, for example. The program of reconfiguration contained in the "screening" report of 1991 and slowly but surely broached as projects for reform afterwards may undoubtedly make

one as well.<sup>52</sup> The hope in 1991, when our field work was done, was that new "demands" on the Commission from the ambitious programs of the Delors Presidency - particularly the consequences of Maastricht - would stimulate a new "supply" of Commission dynamism too.

Thus in the best of all possible worlds, then, the European Commission would be able to "routinize" successfully the new outlooks and activities which the charismatic Delors Presidency, including the Cabinet, presented it. The routinization of charisma is a perilous process, however. There is almost always a great deal lost when inspiration and exceptional effort are replaced by rules and routine, however well-conceived such new arrangements may be. What is most worrisome is the margin for such loss inscribed in the very institutional structures of the Commission. If the Commission needs a strong President backed by a strong Cabinet to move away from stasis, given its Collegial structure, then it may tend to lose its momentum when such elements are absent. There is considerable evidence that this may already have begun to happen. The electoral effect of Commission success in the broader environment which was central in allowing the Delors strategy and Cabinet to demand an exceptional mobilization of internal resources has undoubtedly been severely deflated in the aftermath of Maastricht. Hopes have been dashed and illusions shattered. The Commission's strategy at present can only be to hold the line and look for better days to come. Whether, in this light, the Delors-Lamy "exceptional" approach to mobilization Commission work, in which energy and militantisme on the part of the few supplanted a deeper reform of structures to reconfigure the efforts of the many will appear to be as fruitful as it did as late as 1991 is an important question. Only now is serious Commission reform being broached, at a point when the power of the center to push such reform through is much less than it had been. Could it be that the Lamy-Delors approach brought shorter run success at the cost of some longer-run effectiveness? Or is it indeed a foolish thing to speak of reforming for longer-run effectiveness in politics at all?

APPENDIX : Sidling Into Industrial Policy: Inside the European Commission

(Published in French Politics and Society , 11.3 (Winter 1993)

It was inevitable that Jacques Delors' strategy for Europe would include industrial policy. The "1992" program, the relaunching pad of the European

---

<sup>52</sup> The screening was an internal review of the Commission's division of labor and allocation of resources, largely done by Jean-Charles Leygues in 1991 with an eye on the future organizational and personnel needs of the Commission after the implementation of Maastricht and the Delors 2 package.

Community after 1985, was primarily concerned with revitalizing European market activity. Delors had always intended to capitalize upon the successes of "1992" to promote "state-building" policies, however. To Delors there was no such thing as a "pure" market. Markets were institutions which owed their distinctiveness and success to "organized" regulation. In Europe this had historically meant that markets were framed by various dimensions of a "European model of society" - extensive social services, civilized industrial relations, negotiated transfers among groups to sustain solidarity and efforts to steer economic activity for the general welfare.

Thus as the Commission President never stopped repeating, the Community's destiny was not only to be a market but also an "organized space." His plans for "organization" included industrial policy. He agreed that the EC's - and Europe's - survival depended upon reinvigorating markets. But exposing Europe to the cold winds of international competition would not by any means guarantee success in itself. Important industrial sectors were ill-prepared to cope with greater international openness. Worse still, the international market itself might be unfairly stacked and where this was true greater openness could simply offer European firms up for sacrifice. One of Delors' more fervent "organizing" hopes was to use Community "public goods" to strengthen European industry in its new, and threatening, global setting.

What should the Community do to promote the success of European industry, beyond simply completing the internal market? What would the Community do when important sectors of European industry were threatened? What kinds of responses could the Community find to imperfections in the international market? There were less theoretical concerns as well. Delors had been closely associated with French economic planning at its high point in the 1960s. Although he was always too much of a believer in the mixed economy to have been a rabid dirigiste, he is French. An however open to the mixed economy the French may have become, they have never abandoned a reflex for state intervention. Moreover, however much Delors was persuaded of the need for a more rigorous "market strategy" for Europe, as Commission President he had to be careful about how he dealt with French interests, since he needed French support in the Community's complex high politics.

Not everyone agreed with the Commission President, however. The British were the most articulate and doctrinaire liberals among member state leaders, but the Dutch, the Danes, and the German Christian Democrats shared at least some of their attitudes. More generally, the high tide of 1980s neo-liberalism had brought a theoretical assault on virtually all forms of public intervention in the economy. Strong liberalism therefore had the intellectual upper hand.

The narrative which follows is an excerpt from a larger work on the development of "after-1992" policies in the Community. The episode which is discussed took place largely in 1991 when I was an observer inside the Delors Cabinet, during the period when the Maastricht treaty was also being prepared. Unless otherwise noted, the action all takes place inside the Berlaymont in Brussels, where, until unpleasant quantities of asbestos were recently discovered, the European Commission had its home. The immediate issue was how the Commission should respond to imminent crisis in the Community's electronics industry. Delors hoped to use the situation both to prod the Community towards clearer positions on post-dirigiste

industrial policy and to persuade Europe's electronics firms to surmount their difficulties by cooperating in European ways to surmount their difficulties. Beyond the substance of the story, I propose it to provide some insight into how the European Commission actually works. It may also be helpful, I think, in understanding the Commission's present troubles.

### Trying on Industrial Policy

Jacques Delors was frequently visited by the captains and generals of European industry. A select group of them thus alerted him in spring 1990 to the clouds gathering around European electronics. Olivetti was in serious trouble, partly because of its overadventurous takeover policies. Bull might well have already gone under without the deep pockets of its owner, the French state. Philips, the heaviest hitter, was shaky enough to contemplate pulling out of many of its electronics activities altogether. Siemens, the German giant, was suffering indigestion from the the purchase of ailing Nixdorf and was negotiating with IBM in search of new strategic alliances. Thomson, the other French giant, was barely holding itself up through defense contracts. ICL, the main British company, had been bought by Fujitsu. In general, profitability had declined dramatically and international competition, particularly from the Japanese, threatened European survival in key product areas. Worse still, Europe's troubles had to be set in the generally ominous situation in electronics internationally - even the big American and Japanese companies were feeling the pinch. After years of great growth, a shakeout was at hand. Moreover, general trends meant that it would coincide with a recession.

Most of the big European companies had developed as "national champions," with sheltered national markets and protected public purchasing, during the years when American and Japanese firms were accumulating gigantic resources of scale and capital and internationalizing their scope. Would it be possible for the Europeans to become effective multinationals, or would the Single Market, by making them vulnerable to the more powerful and maneuverable Americans and Japanese, end up destroying them? Quite as important, was there any specifically "European" solution to their problems or would the end product be an industry dependent upon and subordinate to the Americans and Japanese - if there was an industry at all? Finally, what should and could the Community do? Delors' corporate visitors proposed expensive bail outs and protectionism and intimated, sotto voce, that if the companies sank into deeper trouble the Community might be held responsible, with dire consequences for business confidence in the Commission's efforts.

The situation called for some kind of EC action. Although arguments about "strategic industries" had fallen out of fashion, electronics was clearly special. Electronic technologies diffused throughout other industries. It was not only the European firms which were at issue, but much about the European economy more generally, since Europe would be much more dependent without a solid electronics sector. And whatever Delors felt about "strategic



industry" arguments, he had to pay attention since the companies in the worst condition were in the French public sector.

Jean-Charles Leygues, the in-house fixer and jack-of-all policy trades in the Delors Cabinet, oversaw industrial policy. When the alarm was first heard Leygues set DG (General Directorate) XIII, in charge of high tech and research, to think about what the Commission might do.<sup>53</sup> The Commission had few recent industrial policy precedents to guide it, however. Leygues had the very good idea, therefore, to start the appropriate Commission administrative services at work on a general document on industrial policy. With a a general Commission position on industrial policy in place, it would then be much more legitimate to turn to electronics more specifically.

"It was Jean-Charles who brought industrial policy out of the closet," to cite the author of the industrial policy paper, a high level Eurocrat in DGIII, the Internal Market administration. The author's boss, General Director Riccardo Perissich, a veteran of Commission internal politics, was skeptical about EC industrial policy prospects. But he was also a shrewd politician who navigated stormy European waters in elegant Italian ways. Moreover, his high Commission post had come through the efforts of Delors and his Chef de Cabinet, Pascal Lamy. Perissich had certain debts to pay, therefore, and, skepticism notwithstanding, he agreed to cooperate in the industrial policy exercise.

It is axiomatic about the European Commission that the more DGs involved, the more complicated it is to produce a coherent piece of work. Industrial policy touched a large number of different Commission administrations. Leygues could thus be found everywhere, managing the complexities of inter-service coordination. It was during the gestation of the industrial policy paper that Leygues convened a meeting which everyone cited as the very symbol of how the President's "gang" did things. As Jean-Charles put it, "when we're really strapped it often works to call a meeting, say, late Friday afternoon...then as things get along towards the moment when most people normally go home or out to eat dinner, we start to gain our advantage. When their attention begins to wander, they daydream about the drink they'd like to have or the people they'd like to see, we then turn up the heat. The longer we keep at it, the more likely we are to win. By midnight we're a length ahead of them." The legendary meeting on industrial policy began late on a Friday afternoon and didn't end until 2 am the

---

<sup>53</sup> The European Commission administration, which is the heart of EC policy-making, is divided into twenty-three General Directorates, plus a number of other services. These DGs are of varying importance in policy terms: Those upon which we will focus - DG III for Internal Market and Industrial Affairs, DG IV for Competition Policy and DG XIII for Telecommunications, Information Industries and Innovation (we will call it the "high tech" DG for short) - are among the most important on EC "domestic" matters. DG General Directors occupy the Commission's most important administrative posts. They are "political" appointees who can be removed and moved around more easily than others. Directors in each DG and "heads of units" who report to Directors are the next steps down the hierarchy from General Directors. Occupants of these three high level posts comprise the Commission's inner administrative circles.

next day. Leygues got his way.

The final document, Industrial Policy in an Open and Competitive Environment, was published in October, 1990.<sup>1</sup> Its line was clear. Firms were the key actors who made the final decisions: there could be no question of substituting public action for firm decisions in old-fashioned dirigiste ways. The new "Community approach" should instead involve "horizontal" coordinating policies to act on the environment within which firms made up their minds. The Community should begin by guaranteeing a genuinely competitive environment for firms by aggressive competition policies to hinder protectionist public policies and private market power. Community policy should also involve promoting a stable macroeconomic environment. In addition, the Community ought to act diplomatically to make sure that the workings of the broader international market were fair. Finally, it should use the tools which the EC already had at its disposal to ensure a high level of education, promote "economic and social cohesion" and extensive environmental protection. Aggressive implementation of the single market program was perhaps the most important tool, but there were others, like "developing the technological capacity of the Community" through Research and Development (R+D). Then there was a coda: "...The experience of the 70s and 80s has shown that interventionist sectoral policies are not an effective instrument for structural adaptation..." However, "in the past, particularly difficult problems of adjustment have been dealt with at Community level, steel, textiles and shipyards, for example. Likewise, the Community has and should continue to pay particular attention to the areas which play a central role in the development of Europe's economy and industry such as telecommunications, semi-conductors, aeronautics and the maritime industry."

Subtexts abounded, as Leygues had intended. The Commission bowed and scraped towards the liberalism underlying "1992". Then it invoked the latest in trendy "Michael Porterisms" to justify "framework" public intervention to promote smarter firm decision-making.<sup>2</sup> The deepest text, however, argued against the initial bowing and scraping and for the rehabilitation of the idea of industrial policy, albeit in redefined form. As Leygues repeated many times, the Community "had to combine competitiveness and a real European texture...and not become a sieve through which international waters can flow at will." Leygues had thus placed enough references to specific threatened sectors threatened to establish a precedent for a sectoral focus which, as someone in the Internal Market DG said, "dared not speak its name." Leygues wanted a door open enough to slip through when the time came. Insiders could deconstruct the paper as a savvy political compromise among intra-Commission outlooks. The liberals got lots of "bonnes paroles," but Christian Democrats and moderate social democrats could read these words in different, less doctrinaire, ways.

#### Electronically Speaking...

In the meantime the high tech DG (XIII) had been working away on an electronics document. What could the Community do? This was what Leygues had charged the DG to

explore.<sup>3</sup> Its first draft was produced in mid-November, 1990. The paper posited electronics as a "strategic industry" in crisis which needed exceptional derogations from the competition-focussed policies of the Single Market program. If firms in electronics were not in a good position to make the right decisions it was for reasons largely beyond their control.<sup>4</sup> The paper then proposed to accelerate technological innovation in part by spending lots more EC money on research and development programs - a "second generation of EC Research and Development."<sup>5</sup> The Community should also take the lead, à la MITI, in promoting strategic initiatives beyond R+D, using the new "Trans European Networks" programs, targeted training efforts to upgrade human resources and responsive attentiveness to imperfections in international markets.<sup>6</sup> The paper also proposed that the EC should make efforts, backed with carrots and sticks, to get the companies together and cooperate in "European" ways.

Given the prevailing climate in the Commission, the document was triply flawed. It was "techno-yuppy," in the words of one critic, positing that industrial success was based upon technology rather than the market - indeed, the paper barely considered the market at all. It was also producer- rather than user-centered. Moreover, it was much too clearly enamored of "the bigger the better" solutions. There was indeed something very Colbertiste about it. It looked like a European rewrite of the French national champion recipe from the 1960s. All of these things opened DGXIII to an accusation of being in the companies' pockets. Finally, the paper was more political than factual, arguing for its preferred solutions without providing the information necessary to understand why they made sense. The paper's broader faults were a real problem for the Delors team, but the proposal to get the companies together under Commission auspices was what Leygues, Lamy and Delors most wanted to see.

Trouble in the air first became apparent when the Financial Times published a piece full of criticism of the high tech Directorate-General. The article intimated that important Commission insiders felt that the electronics crisis raised "serious questions about the value and purpose of EC [research] programs," that big electronics companies "have become unhealthily dependent on EC subsidies and trade protection," and that "EC technological support has been spread too thinly across too many projects."<sup>7</sup> Finally, "blame is increasingly placed on DG XIII...critics accuse it of being more interested in empire building and forging cosy links with industry than in devising effective technology policies..." Whatever else this well-researched piece represented, it definitely indicated that other services were ganging up on Carpentier's administration, particularly on electronics. Director General Michel Carpentier was incensed to the point of asking his Commissioner, Filippo Pandolfi, to conduct an investigation and sanction those "Commission Officials" who had spoken to the FT. Carpentier knew full well who they were, since Brittan's and Perissich's DGs were specifically cited in the piece. He also suspected members of Delors' Cabinet.

Almost everyone agreed that research and development programs were needed, but the programs promoted by Carpentier's services reflected an out-of-vogue "sectoral" focus, the

DG was extremely close to the companies which most used its programs, and, most important, its programs - Esprit and others - had not thus far been a magic bullet for European high technology. Carpentier thus quite correctly read the EC's industrial policy debate as a threat both to his record and service.<sup>8</sup> Finally, Carpentier, close to retirement age and worried about his succession, knew that his Commissioner, the enigmatic Filippo Pandolfi, would lie low in Commission discussions on electronics, doing just enough to signal Olivetti that he was doing his "Italian" job.<sup>9</sup> Thus even before the draft electronics paper blew up in his face Carpentier already felt besieged.

The first blowup occurred between Carpentier and the Delors staff. Because of the delicacy and importance of the issue, and because little in the life of the Commission escaped him, Pascal Lamy, Delors' chief and arguably the single most powerful individual in the Commission after Delors himself, had been deeply involved with Leygues in setting out the electronics agenda, meeting periodically with key administrative heads, consulting with Delors, and maintaining contact with the company leaders. Lamy and Leygues had become concerned that the Carpentier draft might cause trouble. Lamy, one day intimated to me about the document that "they can't write," a strong condemnation from someone who used words like broadswords.

For a different point of view Lamy mobilized the Cellule de Prospective. The Cellule was the Commission's internal think tank, a small group of twenty researchers built around Jerome Vignon, a loyal friend of Delors and former Delors Cabinet member.<sup>10</sup> Vignon and Lamy decided to ask a young economist who had done work for Delors on Japanese industry to look at the electronics companies. Michel Carpentier supplied her with a list of his high-ranking industry contacts and she went out into the field. In a note to Delors, she commented that the Carpentier document "doesn't properly zero in on the problem." More R+D and more protection wouldn't make the difference, she claimed. "The only real guarantee...is a change of attitude in the firms...but the structural changes needed are so large that the firms won't undertake them unless they are constrained to do so. Neither the perspective of decline or market forces are sufficient to create the necessary attitudes." It was not a question of telling the firms what to do, however, but pressuring them "to turn towards new strategies of their own making." If this did not happen, the situation would be desperate. She recommended going ahead with the face-to-face discussions between Delors and the company CEOs which Pascal Lamy wanted.

The experience quickly turned sour. The cellule's economist had a rather angular personality and, moreover, she did not hesitate to announce her own strong disagreement with Carpentier wherever she went. Carpentier was quickly enraged, and even more upset by Lamy's mandate to her to, in Carpentier's words "do a report identical in its objectives to the one which we had already done." He reached the point in November of threatening to resign. The resignation never came, but the strongly defensive attitude of Carpentier and the tension

between the President's staff and Carpentier which followed boded ill for the even more complicated situation that was unfolding.

The hard problems came out during the first full interservice discussions about the document. The most hostile response came from the competition policy administration (DGIV). Because of its function, its Commissioner, the redoubtable Sir Leon Brittan,<sup>11</sup> and the centrality of competition policy in the Single Market program, DGIV was an outpost of strident liberalism. In fact, the competition policy staff saw the return to dirigisme advocated for electronics both as a "turf" threat and as an initiative which cut to the anti-trust heart of what it believed to be the core of the renaissance of European integration. The competition policy DG's early January response to Carpentier's draft, under the signature of General Director Claus-Dieter Ehlermann, subjected virtually every specific suggestion to withering criticism.<sup>12</sup> The electronics draft contradicted "the recently approved document on Industrial Policy..." by "...calling for industry specific measures...without adequately showing why this sector is a special case..." The paper, furthermore, made little mention of the industrial policy role of enhanced competition for the sector. More fundamentally, "...IV has doubts about the concept of a strategic or basic industry...computers and electronics seem no more strategic than many other sectors..." Perhaps the most important remark came in the middle of the document, however. "...there is no evidence presented that cooperation under EEC patronage rather than competition among previously protected companies will overcome any alleged disadvantages of the sector." Not only did DGIV think that the high tech DG's document was worthless, then, it also strongly disagreed with what Leygues, Lamy and Delors wanted to do!

The "commentaries" of Perissich's internal market DGIII on the electronics paper were less political.<sup>13</sup> DGIII asked for more facts and arguments and for a better job in analysing priorities and timing. It also expressed strong reservations about the notion of sectoral crisis. Better analysis was needed of international competitive conditions and the financial problems of the industry - what the markets looked like. The document was also weak on the articulation between technology and the market, in particular the implications of the single market, and on the logics of international technological and industrial cooperation. Appended to the internal market DG's paper was a devastatingly critical essay by Jean-Francois Marchipont, Director for Industrial Policy, about the notion of "strategic industry." It was important, however, that Perissich's paper raised no specific objection to the high-level meeting between Delors and the CEO's which the Delors team wanted to promote.

Coordination among many different actors was made more difficult because of such acrimonious disagreement at the highest levels. The competition policy DG, fully backed by its strong-willed Commissioner, agreed with nothing in the Carpentier team's essay.<sup>14</sup> The internal market DG, more attentive to Delors' concerns, was hesitant about infringing upon its own rather vague notions of "horizontal" industrial policy and, moreover, thought the high tech DG's paper a shabby exercise. Carpentier's DG was very defensive about its territory, for

good reason. The fact that it was the designated author made its defensiveness even more problematic, since it would have the last written word. Delors, finally, needed a paper to justify meeting with the CEOs to explore whether they were willing to cooperate in a "European" way and, if they were, what the Community might do to help them. And behind the scenes of all this internal Berlaymont squabbling Leygues, Lamy and Delors himself were constantly probing the CEOs and trying to soften them up.

Leygues had his work cut out. He had a political task, first of all, to make sure that Carpentier and his team did not blunder to the point of creating a united front of opposition which could sink everything, including Delors' planned meeting with the CEOs. Fortunately Bangemann and Brittan, who, with their services, would have to form such a front, did not get along particularly well. It also helped that most of the other Commissioners' Cabinets involved had a national interest stake in putting up a good front on electronics. Leygues' skill was central, however. Neither a brilliant speaker nor writer, Leygues had a deep and long knowledge of the Commission which endowed him with an extraordinary ability to work a plurality of networks - he could call on the French and other national "mafias," on the Socialists, and various technicians with common interests across departments. They all had to take him seriously, because of the power which flowed from the enormous breadth of his Presidential portfolio. There were very few people in the upper reaches of the Commission whose path Leygues did not cross sooner or later, usually sooner, and most would need his help on something, sometime. Leygues was an adept at all of the standard EC power games. But his counterparts understood these games, they trusted him and, most of all, they knew that he knew his dossiers backwards and forwards. In the words of Commission Secretary-General David Williamson, "Jean-Charles is our best wallpaperer."

By January, 1991, a messy internal row was well under way. Eventually fifteen redrafts of the original paper, and many more meetings, were needed to end it. Carpentier and his team, hoping to control the process through their authorial license, tried to limit access of other services to the redrafting of the paper. Carpentier also sent his heavy hitters in force to meetings, often including himself and three or four other high-level officials. This infuriated Ehlermann's DG IV, which often did not get documents until minutes before meetings opened. But Ehlermann's group, a stronghold of lawyers - one of its own avowed that it didn't "take anything seriously if it is not a case"<sup>15</sup> - was severely handicapped by its absence of sectoral economic knowledge. In consequence it had little positive to contribute to the discussions. In time, its caustic criticism thus came to be regarded as an obstacle, and this allowed Carpentier and his assistant Michel Catinat to discount it as "negative and unhelpful." Perissich's internal market team, the other major player, countered Carpentier's team in the "incessant meetings" by sending its own experts well armed with alternative texts.

The play of Commissioners' Cabinets complicated things still further. It was the Cabinets' job to hammer out the best deal they could for their Commissioners, to produce a

presentable document at the same time and, by engaging in most of the bloodletting themselves, to keep blood off the Commission floor. On electronics, they were wired. As Marchipont of the internal market DG noted, "all of us were getting incessant instructions on what to do from Cabinet members, not even the chefs de cabinet either. And they kept introducing fundamental changes into the document. This kind of thing has the effect, over time, of 'deresponsibilizing' the services, we lost our willingness to take risks and think things through ... Furthermore, the Cabinets are always pursuing their own national interests, so that the dossier became heavily political..."

As the weekly meetings went on and on, "shadowed" by an even larger number of informal dealings, the Cabinets developed caricatures of one another which, as they became operational, caused tension levels to rise even higher. In this, the Bangemann Cabinet was relatively quiet, letting the internal market DG staff fight its battles. This left "the Brittans" - generally acknowledged to be the best staff, excepting only Delors', in the Berlaymont - and the Delors team to slug things out. Katherine Day, the Brittan frontperson - one of the relatively rare female Cabinet members - stood her ground with great tenacity, perpetually arguing against "producer oriented" proposals and more than once intoning that "Europe wouldn't suffer much from the collapse" of any one of the big electronics firms. In private she was even heard to ask, "Why do we need a computer industry at all?"

The "Brittans," in part for tactical reasons, had bought into the "horizontal-framework" industrial policy line of Perissich's internal market team, which meant that their main fire was directed towards the high tech DG and Delors. Day wrote off Carpentier as one of those "in this building...who haven't caught up with what has happened in the real world" an old-fashioned unrepentant French dirigiste. Thus the main target became Delors. "The Brittans" knew that Leygues was not the same as Carpentier, but they also knew that the Delors' team needed the electronics paper to open high-level dealings with the companies. This step, in their mind, would almost certainly be followed by "sectoral intervention." From this it was an easy jump to labelling Leygues as a "closet interventionist," who dared not announce his colors for tactical reasons. And, of course, the Brittans knew that Pascal Lamy and Delors stood behind Leygues. At their most uncharitable, they intimated that the President and Lamy were motivated by French concerns and that much of the electronics stir was directed either at getting direct EC help for Bull or EC blessing for a French bailout of Bull. One high competition policy official was blunt: "Check out Lamy's friends, his classmates at ENA, see what Elisabeth Guigou is up to" - Guigou was Mitterrand's Minister for European Affairs.

This kind of talk would have infuriated Leygues, had he had the time to think about it. But Leygues kept his mind squarely upon the tasks at hand. It was important not to allow the Carpentier team to become too isolated, and to do this Leygues had to remain constantly in contact with Carpentier and his main assistant, Michel Catinat. With them Leygues doggedly pushed, draft by draft, for less theory and more data, fewer conclusions and more open

issues. Bit by bit he made progress. "the Brittans" thus remained unable to forge the alliance with others which they needed.

### Denouement

Jacques Delors himself attended the regular meetings of Bangemann's cluster of industry and technology Commissioners - the next level above the melee we have been describing - and was his usual extraordinarily well-briefed self. He let his team do the tough in-house work, however. But as the paper-drafting exercise drifted on and acrimony spread the Commission President grew impatient. It was customary for him to meet every six months with the General Directors of the services, partly to fill them in on the state of play in the capitals, the Council and the international arena. The occasions were assemblies of the entire general staff of the European Commission, a group of distinguished, sophisticated middle-aged males - there was only one woman. On this last day of February 1991 there was some uncertainty in the air, given the convening of the Intergovernmental Conferences (which were laying the ground for Maastricht ).

Delors began in an ordinary calm and soft tone, running down a list of events at the IGCs and announcing that the internal "screening" - the beginning of Delors, Lamy's and Williamson's plans to restructure the Commission's internal operations - was underway. He then turned to one of his regular litanies. "We have so many tasks, eleven priorities, in fact," referring to the gigantic Commission program for the year which had just been presented to Parliament and the Council....Our problem is finding the right method to do everything we have to do."

Here the storm began. "Simplicity is the best way...If I could hire and fire here, I'd go after at least five or six of you...I know which ones among you don't take me seriously and those who do...I know who you are. We shouldn't live at the level of rumors and backbiting. We should be able to rise to the high level of the tasks at hand. I see everything and I think about what I see. In a government I'd be able to remove people. But here you're all barons, it is hard to shake you up... But I'll get to you nonetheless..."

Lamy, who had come in the door as the tirade started, had often experienced this side of Delors and knew what it meant. He glanced across at me, rolled his eyes and buried his head in his papers. Not everyone else in the room had Lamy's experience. The august Directors General began to squirm in their chairs. Delors went straight to the point. "It will not do to make light of industrial policy. The Community is not, and will not be, a free trade zone. It is up to us to make a European organized space..." "There are some of you who seem to have barely gotten beyond the stage of elementary school. DGIII and DGIV are worse here than the others....You should know that I have no intention of letting you get away with it. I've only got one and a half years left to my term, but I'll take care of you, you can be sure of it.."

Almost as quickly as it arose, the storm subsided. The President slipped towards his tragic vision of the Community's future, complaining of the unstrategic "activism" of some of



his Commission colleagues in the later stages of the Gulf War. <sup>16</sup>"We needed a President to say 'merde, that's enough' to the Commission. I didn't have the courage to go and tell my colleagues to stop screwing things up ('ils n'ont pas cessé de m'emmerder')...I'm not Jean Monnet, I fear." Then came his gloom and doom litany about the Community's "sixteen years of stagnation, 10 years of progress, eight years of crisis." "Crisis and Stagnation could be at the next streetcorner... Yes, Triumphalism is not the order of the day..." "... with the end of the Gulf War the Americans are going to put the screws to us, they'll beat on us. All they needed was one harmless meeting of WEU to start pulling us by the ears."<sup>17</sup> 'Il ne faut pas flagéoler...' "...Will Europe be an adolescent or an adult?"

I had been around enough to know that Delors was capable of such semi-public black moods. I could not quite sort out the layers of meaning of this particular event, however. Delors was someone who avoided conflict, usually using Lamy and his Cabinet to initiate and "take" confrontation inside the Commission. Partly this was smart politics, but there was more. Delors had difficulty controlling the measure of his reactions to those who fell short of his own high standards. Wisely, he knew enough about himself to avoid the potentially costly hurts which might occur if he did lose control. Moreover, the particular day had not gone well. Delors was furious about having just been beaten in Commission on the issue of agricultural prices. There was another line of explanation, however. One of the targets of his outburst, who knew Delors very well, was certain that the explosion was contrived - "acting" was the term used. Delors, the argument went, played on his reputation for awesome volatility to get subordinates to do things that they otherwise might not be willing to do. In this version the fury was a gesture, needed from time to time, to get the machine going up to speed again. One thing was certain. Delors had his own time line for a meeting with the electronics CEOs in only a couple of weeks, and he needed a document. "Kicking" the internal market and competition policy DGs publicly was a shortcut to end the unbelievable week-by-week text torturing which had been going on. It worked. The paper began to approach its final form very quickly.

The Community's Electronics and Informatics Industry... began with a long bow to the earlier industrial policy paper. It then moved on to a well-argued and easily readable factual description of the European industry, outlining its strengths and, more important, its weaknesses compared with the Americans and Japanese. Its third section, about the international market context, contained the "hook." In both American and Japanese cases public authorities had played a central role in establishing viable bases - MITI planning for Japan, defense spending for the US. Moreover, in both cases specific financial structures had been put into place to make plans work. The results were mature, globalized electronics sectors. In Europe, without a genuine Community market, national champions had emerged that had been unable to develop the economies of scale and technological synergies needed to achieve effective global stature. The "hook" - contributed initially by the Cellule de Prospective's Alexis Jacquemin - was the idea of historically-created market imperfections.<sup>18</sup> It

caught in the next section, which argued that European firms were in difficulty largely because of global market failures traceable to the differential roles of public authorities in the past. European firms were badly placed not because they had themselves made bad strategic choices on an open market but because European markets had given them the wrong signals. In particular the absence of a genuine Single European Market had been a gigantic, structurally distorting, handicap. The situation in which the European firms thus found themselves was therefore not primarily their responsibility. Making them pay the full costs of it would lead to a giant sacrifice of European industrial potential.

Once it had legitimated talking about Community action the document contained few real surprises. "The measures to be taken...are in the first instance...the responsibility of the firm decision-makers themselves, and of their capacity to take advantage of the new opportunities which the creation of the single market presents..." But "applying the principle of subsidiarity," another ritual bow, it was up to the EC and its member states to "contribute to ensuring them a favorable environment, considering...what is at stake for the entire collectivity...in electronics and informatics..." Proposals for action included company involvement in the proposed Trans-European Networks in telematics (linking different national and EC administrations), "distant education" (open Universities and home training), transports, public health and the environment. Proposals on technology included a "second generation of technological R+D" - which Carpentier desperately wanted - which went from the "precompetitive" towards projects much closer to the market itself. Extensive training programs were also needed, along with strong EC competition policy, to ensure a level playing field in the international market.

World-weary relief marked the Cabinet-service meeting to discuss the penultimate version of the paper. Carpentier - crowned "federfuhrer" by the Bangemann representative - reviewed what had been done. The general discussion was diplomatic, with everyone underlining the compromise which had been produced - often to imply how much better the paper might have been had they been able to do it alone. Jean-Charles Leygues, in the chair, was absolutely frank. "The Commission has to send a message to the firms. It should be clear, first of all, that the Commission is no dupe. National champions don't fly any more...But we have to show that we are open to dialogue. If we don't do this then we risk providing an alibi to those who want to turn back the page and pump up their national champions...or those who want to ally with the Japanese and the Americans.." "Basically what we're doing is to try to get the companies to come out of the woods and announce their own strategies. Then, depending upon what they say, perhaps the Community can do something."

A discordant note came from Katherine Day, speaking for the only Commissioner who had not been fully bought into the endeavor. She announced, rather adversarially, that "...there are different points of view about what you all see as the factual section of the document... and, moreover, I can tell you that the College won't agree.." - the first of several

announcements that Brittan would fight in the Commission. "The paper also puts too much weight on the international, as opposed to the European situation..." Brittan was not going to accept an argument about market imperfections which exculpated the companies. Her major editorial comment was that the very last paragraph of the document, the one which most clearly stated the punch line (the "document was meant to open a debate" with everyone concerned ... "which ought, in particular to allow the Commission to pursue a fruitful dialogue with industrialists, users and investors...and...fix the modalities for implementing this dossier and...incite the companies to make their long-term objectives clearer..."). This clause, she said, revealingly, is "...on the Left. Sir Leon will not allow the Commission to get involved in sectoral industrial policy."

At "special chefs," the next-to-last preparatory meeting before the paper went to Commission on March 26, when all Commissioners' Cabinet got a crack at the document, the final version was introduced by the new Pandolfi chef, a pleasant, quite young, Italian. As the custom went, there was then a "tour de table," begun by the chefs involved in producing the document and continued by those whose portfolios had left them outside the circuit. There was a certain ritual dimension to this. Different outsiders announced that their concerns had not been taken sufficiently into account - "social" Commissioner Papandreou's chef complained about the insufficient development of the training dimension, Regional Policy Commissioner Millan's respected chef argued that the document "missed the spatial characteristics...R+D is regionally concentrated..," and audiovisual Commissioner Dondelinger's delegate remarked that the document was weak on the software side. The prize for greatest exaggeration went to the Andriessen representative - assiduous throughout on behalf of Philips - who congratulated everyone present for their "excellent cooperation." At this point one of the Commission's industrial policy brains sitting next to me whispered "...greater cooperation than this and you're dead." Ms. Day still objected to the reworked version of the final paragraph, announcing a Brittan "reserve" - the code for refusal of assent. Still, the end of a long game was in sight.

It fell to Leygues to summarize the deeper logic of the nearly completed "communication." "For the President, this is just the beginning of a démarche. The document is nothing extraordinary, but it should open up the discussion that he wants...The paper is pragmatic...political... it isn't meant to be a technical exposé and it isn't a legislative proposal..." The meeting with the CEOs which Delors and Lamy had been organizing was imminent, and the services were busy preparing options.<sup>19</sup> Depending upon how the CEOs responded, the Commission needed to have plans for action ready to propose.

The Commission meeting was anticlimactic. Pandolfi presented the document. Bangemann underscored that it was not "sectoral...but rather the application, to a specific sector, of the general industrial policy which the Commission had earlier defined." Brittan was discreet, underlining his pleasure that the document did not suggest moving R+D towards

product development.<sup>20</sup> Delors was quiet.<sup>21</sup> He had already gotten what he needed from Leygues' good work.

The agony of getting out a paper was the easy part. Only days after the Commission meeting French Industry Minister Roger Fauroux announced a new "engagement" of the French government on behalf of French electronics, involving roughly a billion dollars in help. Fauroux further called for "a genuine European industrial policy" which would include a trade policy which does not turn the Single Market "into a field open to all winds," plus reinforcement of research support and cooperation between large groups. France, he noted, would be willing to renounce its own most important industrial policy prerogatives, but only if Brussels took up the cause. In the interim, the French had to do their duty as stockholder for French public sector groups.<sup>22</sup> The Fauroux communication revealed how much Delors had been under pressure from the French side. The French were determined to bail out Bull and Thomson whatever the Community did and were fundamentally skeptical that the Community would do anything at all.

At a rather gloomy Cabinet lunch meeting on the day after the French announcement, Lamy, in his deepest ironic tone, allowed that "Fauroux isn't doing anything to help us, is he?" But the logic of things pointed in even more complicated directions. The French announcement indicated that Bull and Thomson - whose CEO was openly demanding protectionism<sup>23</sup> - were likely to prefer going their own way rather than choosing the "European" option which Delors desired. And heavy French state involvement was also likely to deter some of the other EC firms, particularly Siemens, which had an unhappy history of dealing with the French state, from "European" options as well. Philips had already expressed its skepticism.

Delors nonetheless carried on. With Bangemann, Pandolfi, Perissich, and Michel Carpentier he slipped away from the Berlaymont on a beautiful spring weekend to one of the world's best restaurants in Saulieu, France to meet with the bosses, Timmer of Philips, de Benedetti of Olivetti, Lorentz of Bull, Kaske of Siemens and Gomez of Thomson. François Lamoureux, No. 2 in the Delors Cabinet, was humorously trenchant at lunch in response to the chosen venue. "If they were going to put on a show they should at least have done it in the cafeteria at minus one in the Berlaymont. It would have looked more democratic..."

The press had learned of the "secret" event through the companies. And despite a typical Lamy pronouncement that "...we suffer too much from proclamatory industrial policy. We don't want to take the risk that the little bit of mayonnaise we have will turn...MITI doesn't call press conferences when it intervenes," almost everything that was discussed leaked. The companies, particularly the French ones, asked for trade protection and bags of money.<sup>24</sup> The Community countered by trying to persuade them of the need for a new grouping in semi-conductor research and production "like the Airbus consortium."<sup>25</sup> The plans which the Commission had brought involved combining R+D money, regional fund subsidies, incentives

connected to EC procurement (largely for the famous "Trans European networks") and a few other sweeteners into a substantially subsidized joint chip-making installation for the South of Italy.<sup>26</sup> In Pandolfi's words, "the time has come to reach a critical mass."<sup>27</sup> The Commission was willing to come across with roughly five billion dollars over 10 years (making a total 18.5 billion including what the companies already did) to get Europe into the semiconductor game, if only the companies were willing to collaborate in turn.

The story went on, in infinite complexity. The plot was simple, however. Three companies were willing to talk about cooperation - Siemens, Bull and Olivetti - but each was simultaneously pursuing plans for strategic alliances with non-European firms, whether American or Japanese. Ultimately their choice was to "go global" by dealing either with a Japanese or American giant. In the minds of the company CEOs there really was no European option. Delors' hopes that a "European organized industrial space" could be forged out of a difficult situation for European electronics turned out to be overoptimistic.<sup>28</sup> The strategy which Delors, Lamy and Leygues had painfully worked out had at least one merit, however. It obliged the companies to come clean about their choices without the Community bearing the blame. This was small consolation.

#### Coda :The Quiet Return of Industrial Policy?

The story of Delors' industrial policy endeavors beyond electronics is more complicated. What amounts to an outright dirigiste effort to shore up European electronics firms through an EC-mandated High Definition Television broadcasting standard has not yet concluded, but its results are unlikely to be any more successful than those in electronics. On the other hand the Commission's refusal to allow ATR, a French and Italian aircraft consortium, to purchase the Canadian commuter aircraft maker DeHavilland demonstrated that if the Commission had industrial policy leverage, its largest store of tools lay in the competition law area. The internal politics of industrial policy in the ATR-DHC case again proved acrimonious, with those who thought that European companies ought to be allowed the market share needed to become "European champions" in the international arena defeated by hard-line liberals.<sup>29</sup> In this area, perhaps more than in others, the Delors strategy faced its own contradictions.<sup>30</sup> Using the Single Market program as a launching pad to create momentum towards European organized space opened up the "market strategy" road wider than the "state-building" one.

The inconsistencies did not end here. The Commission could talk as much as it wanted about not doing "sectoral" industrial policy but it had to do just that for automobiles. Creating a single market in cars meant removing national protective barriers which tended to be lower where member states had no domestic automobile manufacturers, higher when they did, and highest when these manufacturers were either strongly based in their domestic markets and/or inefficient. Tearing down national quotas and other such arrangements meant<sup>31</sup>, other things equal, being inundated immediately by Japanese cars. The American experience was there as a warning, and important parts of the European industry were even less competitive than the American industry had been.<sup>32</sup>

The EC thus had to protect its domestic car industry, however liberal prevailing

ideological winds might have been. Because unilateral external tariffs were not in order, protection could only be obtained by dealing directly with the Japanese. The European car industry itself, through its manufacturers association, was the major agitator for strong protection, or rather, a slow phase-in of more open trade in cars. There were great contrasts in the picture, however. The French and Italian industries - Renault, Peugeot-Citroen, Fiat - with very large stakes in their own heavily protected domestic markets and relatively weak export positions, were much more worried than the Germans. And the British, who had become, in the words of more than one French official, an "aircraft carrier for the Japanese," were the principal base for Japanese transplants and advocates of much greater trade openness.

The trade deal announced - hinted, rather, since little was ever actually published - in the summer of 1991 represented a "consensus" worked out over a number of years between MITI and the EC.<sup>33</sup> There would be a transition period to open trade in cars through 1999. The "hidden agenda" of the deal was to oblige the Japanese, if they wanted to make big inroads into the EC car market, to invest in European production rather than direct exports - the lesson drawn from the American experience. One codicil, partly negotiated by Delors in his trip to Japan in the spring, was a statement about the willingness of the Japanese to broader opening of their domestic market to European products. The Commission ultimately produced a substantial "industrial policy" package to help the car industry modernize itself during the transition period.<sup>34</sup>

Despite such erratic movements, in time the Commission began to use new industrial policy words consistently. "Communications" on the biotechnology, maritime, textile and clothing, aeronautics industries, in addition to cars, all went in the same direction. Strong on exhortation and weak on concrete proposals, these papers stressed the horizontal, framework perspective of the original Industrial Policy paper. They intoned that it was not for the EC to help out sectors, but rather to tinker with broader market structures to allow firms to receive clearer market signals and respond in innovative, rather than protective and self-destructive, ways.<sup>35</sup>

The EC, like a crab, has been sidling towards an industrial policy for the after-1992 period., prodded largely by Delors and his staff. The operation did not proceed without all sorts of difficulty, however. However much one talked about horizontal framework intervention to give clearer signals to firms that would ultimately make their own decisions, the firms themselves almost always wanted something that looked rather more like traditional sectoral intervention - we saw this in the electronics case and it defined the automobile case. Nor were member states eager to grant the EC much more room in the industrial policy area. The Maastricht Treaty included an industrial policy clause but the negotiators refused to grant qualified majority decision rules. In addition, the Community's resources in R+D programs, regional funds, harmonization and the like, are relatively small. Even if they can be sensibly targeted on reasonable objectives, it is unclear whether they make that much difference. Finally the Commission's competition policy prerogatives remained a constant source of confusion. Using anti-trust law to break down trade-restraining behaviors is undoubtedly one important way to make European industry more competitive internationally. On the other hand, using the same laws to prevent European firms from achieving internationally competitive economies of scale and organizational synergies may work in the opposite direction. Inside Brussels, as the sun sets on Jacques Delors extraordinary tenure, movement will go on. Crabs move in circuitous ways, however,

and they do not always reach their destinations.

## Notes

1. La Politique Industrielle Dans un Environnement Ouvert et Concurrentiel Lignes directrices pour une approche communautaire, (COM(90) 556), EC Commission, Brussels, October 30, 1990.

2. Porter's theories were all the rage in DGIII. There were skeptics, however. One DGIV informant of mine, remarked caustically that Porter and III argued in a circular way, "you are competitive because you are competitive.."

3. Interestingly enough, Leygues' handwritten notes, in the form of an outline of the situation and possible Commission responses to it, from his first exploratory conversations with Michel Carpentier, XIII General Director, and Michel Catinat, whose job it was to put together the paper, came very close to the final product. Much turmoil was to ensue before Jean-Charles could achieve this result, however.

4. The paper claimed, among other things, that the sector suffered from a lack of financial resources, partly because of insufficient risk-taking by banks.

5. This was not surprising from a DG which was a technocratic "machine to produce research programs." XIII's life had begun under Etienne Davignon as a task force hived off from III in the early 1980s to mine the EC R+D territory established by the new Esprit program. XIII's programs almost always had snappy acronyms like Esprit, Drive, Aim, Cost, Fast, Jessi and the like. The Community's own publicity booklet on Research and Technological Development Policy (Luxemburg: EC, 1988) is the most accessible introduction to EC research activities.

6. "Trans-European Networks," which were on the table as part of the pre-Maastricht negotiations, were to be EC-member state collaborative international "networks" in transport, telecommunications and information processing designed in part to update and standardize EC practices in these areas and in part as industrial policy programs to enhance European competitiveness,

7. The FT article focussed largely on Esprit, DG XIII's bread-and-butter research program . It noted that "although Esprit has improved technical information flows between companies, it has produced little commercially useful technology." See Guy de Jonquieres, "EC aid 'has failed to make electronics groups competitive," and "Giving direction to the single market" Financial Times October 22, 1990.

8. The economic liberals in other directorates thought his work misguided and wasteful and resented him as an "empire builder." He, in turn, felt that the liberal strategies of letting the market rip would themselves hurt European industry.

9. Someone close to Pandolfi later told us that Pandolfi "didn't like the electronics paper. It was protectionism which didn't dare say its name."

10. The cellule engaged in general research work assigned to it by the Commission - long range thinking about immigration, the environment and other such large matters, in addition to devoting a great deal of attention to the evolution of economics and politics in East Central Europe. It reported directly to Delors, however, and it was thus quickly and easily available for Delors' and Pascal's more immediate purposes.

11. Part of the passion which motivated IV's response came from the fact that Sir Leon Brittan had not been invited to the meetings of Commissioners concerned with electronics convened by Delors (which included Pandolfi and Bangemann), a slight which was corrected beginning in January.

12. Appended to Ehlermann's internal note dated January 4, 1991 was a brief essay by Gareth Locksley, one of IX's - very few - resident economists attacking the entire concept of strategic industry and then proceeding to consider the issue of increased public R+D expenditure for specific sectors as a protectionist device. One of my sources remarked to me that "Ehlermann was not at all a liberal ideologist, but was angered by Carpentier's responses to DGIV's initial discussions."

13. Letter under Riccardo Perissich's signature to Carpentier, December 20, 1990.

14. Brittan gave an important speech on industrial policy to the College of Europe on 29 January which publicly expressed the internal line which he had taken in inter-Commission meetings on electronics.

15. IV's "industrial data base," constituted out of newspaper clippings, was mainly about anti-trust and merger matters and had little real information about industrial economic structures.

16. Of their "agitation" he noted that "we can't solve all of the problems - of Lebanon, the arms race, etc." The moment was one when the Community might more wisely have kept its head down and done what it was best at - "acting economically."

17. Here Delors was referring to US activism to intervene in the pre-Maastricht EC discussions about a Common Foreign and Security Policy.

18. The real puzzle was finding ways to coordinate public and private actions in the present which would create a positive "strategic game" in electronics. In the meantime, existing market imperfections could be invoked to justify more energetic and proactive public action than simply "taking" what the market gave. See Chapter 6, "Industrial Policy and Models of Society," in Alexis Jacquemin, The New Industrial Organization (Cambridge, Mass: MIT Press, 1992).

19. The very next week I was to attend, with most of the key figures of III and XIII, a seminar sponsored by the Cellule de Prospective reporting out research by the Boston Consulting Group on prospects - unbelievably expensive and risky - for entry into the DRAM game.

20. "In any case, the Commission's policies thus far have been to leave product development research to firms themselves in order to incite them to be constantly aware of the need for competition through innovation."

21. Commission 1053, proces verbal.

22. See Eric le Boucher, Le Monde April 4, 1991 and April 5.

23. An interview with Alain Gomez, CEO of Thomson, in Le Monde, April 22, 1991, implied as much. Gomez came out and clearly demanded that the EC allow the electronics industry five years of trade protection from the Japanese. To Gomez, a European option was the best way out for the firms, but in its absence - which he clearly anticipated - "there remains what they call 'industrial policy'..."

24. Some time was spent, over very good food, one presumes, explaining to the firms that the EC had to work within the constraints of GATT and its own competition policy.



25. Here it was necessary to enlighten the companies that EC money would not be used to takeover losses, but for new investment, and that this could only be done in certain zones, given the operations of the Structural Funds after 1988.
26. Much of this is hinted in Guy De Jonquieres excellent Financial Times piece on April 29, 1991. Also involved were subsidies for research into liquid crystals.
27. The underlying logic here had been that jointly arrived at by XIII and the Cellule de Prospective.
28. The Council published a resolution on November 18 on electronics, See Agence Europe, November 22, 1991.
29. There was thus bound to be little clarity and less peace. When ATR-DHC was just coming onto the agenda in early summer 1991, for example, Brittan brought a very controversial proposal for obliging public sector manufacturing firms to provide extensive financial data to the Commission as a matter of routine in order better to track state aids. The Commission was deeply divided about this and discussed it, in various fora, at great length. Later, at the very moment when ATR-DHC reached its boiling point there was another quiet struggle going on about the deregulation of public utilities. Cardoso, in charge of energy, had proposed opening up protected national gas and electricity networks to "third party access."
30. We have written about the ATR-DeHavilland case in "Europe and DeHavilland" in Canadian Forum, March 1992.
31. The Commission estimated that the Japanese would quickly take nearly 30% of the European market, other things being equal. See "Impact of Japan's EC auto deal," Financial Times, September 26, 1991.
32. The famous MIT study of car production was devastating in its assessment of European efficiency. See James Womack, Daniel Jones and Daniel Roos, The Machine That Changed the World (New York, Macmillan, 1990).
33. The "agreement" was, in fact, a series of different documents and bargains. The fullest exposition of the deal was published by the French parliament. See Agence Europe, no. 5647, January 16, 1992. See also Jean-Pierre Lehmann, "France, Japan, Europe and industrial competition," in International Affairs, March 1992.
34. The proposal, phrased in the by-now routine "horizontal framework" language of the Industrial Policy paper, proposed extensive harmonization, training and R+D help to facilitate a transition to "lean production." Despite all the high prose about horizontalism, the Single Market and competition policy, however, the paper essentially gave the car firms money to retrain workers within the companies themselves. It also inched towards the use of R+D money for product development, as opposed to "precompetitive" research, one of the goals of DGIII and DGXIII, but anathema to Brittan and DGIV. In the elegant phraseology of Agence Europe, this text was "prepared in close cooperation with bodies representing the motor vehicle industry, given that most of the efforts to be made will be the responsibility of the firms..." Agence Europe, no. 5720, 30 April 1992.
35. For a concise and "official" statement of the general outlook, see Alexis Jacquemein and Jean-François Marchipont, "The New Community Industrial Policy," in Revue d'Economie Politique, 102(1), January-February 1992.