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Alternative European Economic Policy, Industrial Policy, and Socio-ecological Reconversion

1. A Challenge to be met:

The starting point for the discussion in our working group should be to clarify the challenge the issue of industrial policy constitutes for an alternative European economic policy.

This very starting point, however, has a complicated background – relating at once to the difficulty of addressing issues concerning material aspects of production within macro-economic theory, especially in its neo-classical variants, and to the traditional differences of economic policy perspectives between France and Germany which have strongly influenced the ways in which issues of industrial policy have been approached within the EU.

It will be helpful to approach this issue by looking at the existing conceptual approaches to replying to the question “What is industrial policy?” – and by trying to determine an alternative conceptual approach appropriate for contributing to an alternative economic policy in Europe.

After having discussed both questions, we shall have to discuss two further ones: What is important for the EuroMemo in 2013 in this context, and which are the short- and middle-term tasks this challenge defines for the EuroMemoGroup?

Because we haven't had any broad debate on these issues so far, the paper has to present the basic documents and to elaborate on some elementary facts. In order to get to the point, where the work of EuroMemo could intervene meaningfully into on-going debates, we shall have to demonstrate some points which are relevant for the terms of the debate and to explain some of their explicit and implicit inter-relations. We shall, therefore, not try to present original research results, but rather endeavour to present the state of the debate in a systematic way.

1. What does “industrial policy” officially mean and what should it mean for the EuroMemoGroup?

The Maastricht Treaty established Community policies in six new areas: trans-European networks; industrial policy; consumer protection; education and vocational training; youth; culture.

Article 130 of the Maastricht Treaty prescribes: “1. The Community and the Member States shall ensure that the conditions necessary for the competitiveness of the Community's industry exist. For that purpose, in accordance with a system of open and competitive markets, their action shall be aimed at:

- speeding up the adjustment of industry to structural changes;

- encouraging an environment favourable to initiative and to the development of undertakings throughout the Community, particularly small and medium-sized undertakings;
- encouraging an environment favourable to co-operation between undertakings;
- fostering better exploitation of the industrial potential of policies of innovation, research and technological development.

2. The Member States shall consult each other in liaison with the Commission and, where necessary, shall co-ordinate their action. The Commission may take any useful initiative to promote such co-ordination.

3. The Community shall contribute to the achievement of the objectives set out in paragraph 1 through the policies and activities it pursues under other provisions of this Treaty. The Council, acting unanimously on a proposal from the Commission, after consulting the European Parliament and the Economic and Social Committee, may decide on specific measures in support of action taken in the Member States to achieve the objectives set out in paragraph 1. This Title shall not provide a basis for the introduction by the Community of any measure which could lead to a distortion of competition.”¹

It is to be stressed that the underlying definition of “industrial policy” strongly differs from traditional post-war notions of political intervention for defining the orientation of industrial development within a nation state, for minimizing certain external dependencies on raw materials or energy sources or for strengthening the ‘national industrial base’. The central element of this new definition of “industrial policy” is the notion of competitiveness, with reference to the global, world-wide markets, as well as for the “single market” of the EU. Competition on markets is legally institutionalized as the over-riding aim of all European policies. This evidently, and quite intentionally, creates a strong tension within the EU itself, because it is a union of competing actors who do not only compete against actors outside the EU, but who do compete above all among themselves, globally, as well as on the single market. Therefore, the treaty does not define any binding orientation of European economic policy on criteria of social and ecological sustainability, or on global solidarity, but leaves any direction and constellation of economic development to the outcomes of unfettered competition.

The Lisbon treaty, however, adds to these general tendencies of deregulation by specifically highlighting the commitment to “strengthen the industrial and technological base of the defence sector” as the only clear political orientation which is not left to the outcomes of market competition. The member states and institutions

¹ The Maastricht Treaty. Provisions Amending the Treaty Establishing the European Economic Community with a View to Establishing the European Community, Maastricht, 7.2.1992, 32-33.

have to “participate in defining a European capabilities and armaments policy” and to “assist the Council in evaluating the improvement of military capabilities”².

The Lisbon treaty underlines again the over-riding orientation towards competition, then adds working instruments, such as indicators and monitoring, and finally highlights the importance of the EU space policy and of the research issue³.

Even though the European treaties since Maastricht explicitly include the policy area of “industry” it is difficult to find an official definition of “industrial policy”. The issue is being raised while discussing the other newly established community policies in trans-European networks, consumer protection, education and vocational training having a very direct influence on the development of industry.

In the Communication by the Commission “EUROPE 2020, a strategy for smart, sustainable and inclusive growth” a new attempt seems to be made to concretize a European industrial policy: An “industrial policy for the globalisation era” is described as one of seven “flagship initiatives” aimed at strengthening the EU as a global actor facing the global financial and economic crisis. Six of that seven “flagship initiatives” concern industrial development directly⁴, but “industrial policy” is also addressed as a specific policy area “to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.”⁵

At the end of October 2010 the European Commission adopted the Communication “An integrated industrial policy for the globalisation era, putting competitiveness and sustainability at centre stage”⁶. It sets out a “strategy that aims to boost growth and jobs by maintaining and supporting a strong, diversified and competitive industrial base in Europe offering well-paid jobs while becoming more resource efficient”⁷.

“To improve the business environment” reflects an extremely narrow understanding of industrial policy. It seems to be determined by the hegemony of the traditional German approach to the issue – which since the 1950s has been wary of any state intervention in this field, in contrast to the statist approach predominant in post-war France. The understanding of industry policy developed by the Commission defines it as a requirement for improving global competitiveness. This could be considered as contradicting the afore-mentioned narrower understanding. This contradiction is resolved, when we refer to the understanding of industrial policy in the recent German tradition of post-war *ordo-liberalism*: There we find an interpretation of “business environment” which is far broader than the exclusive orientation towards market or business incentives. It also stresses the interests of “the economy” as a whole, and the demands of “research”, as aims and objectives not reducible to immediate market concerns.

² Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007, Official Journal C 306 of the European Union, Volume 50, 17.12.2007, 35.

³ *Ibid.*, 48.

⁴ Innovation Union, Youth on the move, Digital agenda for Europe, Resource-efficient Europe, An industrial policy for the globalization era, An agenda for new skills and jobs.

⁵ European Commission, Communication from the Commission: Europe 2020. A strategy for smart, sustainable and inclusive growth, COM(2010) 2020 final, 3.3.2010, 6.

⁶ European Commission, Communication from the Commission: An Integrated Industrial Policy for the Globalisation Era. Putting Competitiveness and Sustainability at Centre Stage”, COM(2010) 614, Brussels.

⁷ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/index_en.htm

The Commission underlines the need for coordinated European policy responses in this respect. From its point of view it states that the EU “needs an approach that looks at the whole value chain, from infrastructure and raw materials to after-sales service. Promoting the creation and growth of small and medium-sized enterprises has to be at the core of EU industrial policy. Moreover, the transition to a sustainable economy has to be seized as an opportunity to strengthen competitiveness. Only a European Industrial Policy targeting competitiveness and sustainability can muster the critical mass of change and coordination needed for success. There will be no sustainability without competitiveness, and there will be no long-lasting competitiveness without sustainability.” In this connection, the Commission especially stresses the role of innovation as the key to managing the tensions to be expected in this process of economic development.

“... the concept of an integrated industrial policy means that it encompasses a full range of EU policies such as competition, trade, innovation or energy since they all have an impact on the competitiveness of industry. In addition, the integrated policy puts on equal footing competitiveness and sustainability. Finally, the integrated approach emphasizes the need for cooperation and coordination of efforts between the European Commission and the Member States.”

As a consequence, the “flagship initiative” gives an orientation towards ten key actions:

- "Competitiveness proofing", i.e. the requirement of analyzing the impact of all policy proposals on competitiveness;
- "Fitness checks", i.e. a systematic revision of all existing legislation, aiming at a reduction of the cumulative negative effects of legislation on market processes, so as to cut the costs for businesses in Europe;
- Making it easier for SMEs to access credit, and helping their internationalisation;
- A strategy to promote standardisation;
- A more efficient transport, energy and communication infrastructure and better services for the industry;
- A new strategy on raw materials, creating a corresponding framework for the sustainable supply and for the management of domestic primary raw materials;
- Addressing sector-specific innovation performance with specific actions, in such areas as advanced manufacturing technologies, construction, bio-fuels, as well as road and rail transport, particularly in view of improving resource efficiency;
- Actions to improve framework conditions and to support innovation in energy-intensive industries;
- An industrial policy with regard to space, creating a solid industrial base and covering the whole supply chain;
- Reporting on Europe's and Member State's competitiveness, industrial policies and performances on an annual basis⁸.

We should like to underline three significant problems here, which are at once evident:

⁸ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/index_en.htm

- *Firstly*, “sustainability” is interpreted as a clear opposite to “sustainability” in the Brundtland report, i.e. in terms of medium-term profitability, instead of long-term durability in all the dimensions made explicit by the report. The biodiversity issue is totally disregarded.
- *Secondly*, the communication is exclusively oriented towards free trade, not even considering any political actors (the public, the state, civil society, or the EU itself).
- *Thirdly*, the communication introduces a clear military dimension, as its only dimension which is clearly politically defined: “The EU security industry faces a highly fragmented internal market and a weak industrial base. National regulatory frameworks differ widely and the market for security products is highly diversified, ranging from cameras to complex scanner systems. To provide a security system, manufacturers, system integrators, and service providers have to work closely together with clients. It is essential to develop a fast-track system for approval of priority technologies; to make substantial further progress on harmonisation, standardisation; to consider coordinated public procurement; and to accelerate research on security technologies including dual-use. On the latter the Commission will coordinate with the European Defence Agency.”⁹

In October 2012 the Commission adopted another communication on industrial policy, an update of the industrial policy flagship initiative – “A Stronger European Industry for Growth and Economic Recovery”¹⁰.

In this Communication the Commission has launched a new partnership between the EU, Member States and industry and has focused its proposals on four pillars:

- (1) Investments in innovation, with a focus on six priority areas with great potential (advances manufacturing technologies for clean production; key enabling technologies; bio-based products; sustainable industrial and construction policy and raw materials; clean vehicles and vessels; smart grids);
- (2) better market conditions, both in the Internal Market, with special reference to goods, entrepreneurship and Intellectual Property Rights protection, and in international markets;
- (3) access to finance and capitals, by a better mobilising and targeting of public resources, including from the EIB, and by unlocking private funds;
- (4) human capital and skills, to promote job creation and better anticipation of, and investments in, the skills needed to promote industry's competitiveness.

This partnership has been launched by the Commission, in order to favour a recovery of industrial investments. So it should be the common commitment of all European industrial policy actors to reverse the declining role of industry in Europe from its current level of around 16% of GDP to at least 20% of GDP by 2020¹¹.

“This approach focuses on improving framework conditions that reinforce the growth potential of EU industry. It is fully mindful of the need to stimulate competition for an efficient allocation of resources and a dynamic economy. Public intervention should create the right market environment and come up with remedies to market failures.

⁹ European Commission ... COM(2010) 614, 27.

¹⁰ European Commission, Communication from the Commission: A Stronger European Industry for Growth and Economic Recovery, COM(2012) 582, Brussels, 10.10.2012.

¹¹ http://ec.europa.eu/enterprise/policies/industrial-competitiveness/industrial-policy/communication-2012/index_en.htm

Industry must itself develop its competitive advantages and strengths. The objective of industrial policy is to foster competitiveness, but businesses themselves will always be ultimately responsible for determining their success or failure in the global market.”¹²

Again, the issues of social and ecological sustainability are marginalized and the biodiversity issue is totally disregarded. The exclusive orientation towards free trade is, again, very strongly underlined. Likewise, the military dimension is even extended. “Further progress needs to be made towards the full internal market integration of certain sectors, such as security and defence. Despite the implementation of the Defence package, the defence sector still maintains a strongly national dimension and is therefore unable to benefit from the potential economies of scale that are necessary to improve competitiveness and profitability. Further EU-level research and innovation initiatives are under preparation in the civilian security area. A Task Force on Defence is helping to develop a comprehensive strategy for a world-leading defence industry that is competitive both within and outside Europe. Likewise, products and services based upon satellite data have a high potential for economic growth, and their market development should be encouraged and sustained.”¹³ This “military dimension” of European industrial policy reflects the “security idea” integrated in the documents most especially clearly. It is closely connected to another significant characteristic feature of this policy: the emphasis on control and observation. Likewise, it is closely linked to a special industrial policy challenge anticipated for the EU: the development of “own” technologies for control and observation.

Regarding the conceptions industrial policy established within member states, especially those of Germany and France, it is necessary to refer to their underlying clearly nationalist orientation: In different, in many aspects even in opposed ways, they do embody forms of the “competitive nation state” (Joachim Hirsch) – by stressing the existing strong competitiveness of their industry (Germany) or the need for state intervention to bolster it (France).

Summarizing these sketches of the dominant approach to industrial policy in the EU, “industrial policy” in today’s EU could be defined as a common struggle for competitiveness, for “security” – from energy and resources security via process security to internal, trans- and international security – , for controlling and influencing European and global developments in the own interest of the ruling forces, by using industry and by shaping its development towards competitiveness. This common policy is being defined and implemented by the economically and politically ruling forces in the EU, as well as their social, political and economic partners, but also by the workers, by working people in general, and by the citizens. “Shaping” and “using” are very broad notions, but “industrial policy” has to be understood in such a broad and comprehensive way, in order to be properly understood as a challenge and a project for the EU’s economic policy.

The challenge for the EuroMemoGroup is to understand how it will be possible to organize and to strengthen a collective of actors who are interested and engaged in such an alternative development of industry that will help to bring about sustainable, democratic and just ways of solving social, ecological and global problems, within the EU, as well as globally. That means especially to analyze how and why the

¹² European Commission ... 10.10.2012, 6.

¹³ Ibid., 15.

development of industry is going on in such a way as it is effectively taking place, on and to explain what that means in terms of real possibilities of action. The aim of the research to be conducted in this respect is not “only” to explain what is necessary to do now and in the immediate future, fully facing the existing reality, but also to search for possibilities to act for bringing about a more reasonable and responsible, a more socially and ecologically sustainable development.

2. What should be highlighted in the EuroMemo 2013?

There are three issues relating to European industrial policy which should be given special prominence in the run-up to the European Council in December:

- the military dimension of industrial policy,
- the Connecting Europe Facility linked with the Europe 2020-Project-Bonds-Initiative, and
- specific stakeholder activities.

These three issues are significant for the over-all development of the EU, its global competitiveness and its global role, its approach to financialisation, as well as with regard to the issue of “different speeds” and to that of the EU’s processes of “peripherisation”.

According to the European Commission, the EU’s infrastructure investment needed to meet the Europe 2020 objectives would reach as much as EUR 2 trillion in the sectors of transport (TEN-T), energy (TEN-E) and information and communication technology (ICT). On 27.6.2013, at the final trilogue meeting between the officials representing the Irish Presidency, the European Commission and the Rapporteurs from the European Parliament, an agreement has been reached on a compromise text for the *Connecting Europe Facility* (CEF). Almost €30 billion in EU funding will be targeted at enhancing the transport, energy and telecoms networks of the EU from 2014 to 2020. The CEF should ensure the smooth functioning of the Single Market and boost sustainable growth, jobs and competitiveness across the European Union. It is part of the next Multiannual Financial Framework¹⁴.

In transport, the CEF will fund the development of networks set out in the Trans-European Transport Guidelines. They set out the framework for identifying projects of common interest. The main aim is to tackle the most significant problems, such as missing links, especially at cross-border sections, as infrastructure disparities within and between member states, as insufficient connections, and as greenhouse gas emissions from transport.

In the field of energy, the CEF should provide financial assistance for the modernisation and enlargement of Europe’s energy infrastructure to complete the internal energy market, to link regions and to facilitate the development of renewable energies. The Regulation sets out procedures to implement key projects of common interest along the priority corridors and areas covering electricity, gas, oil and carbon emission. The CEF should enable the EU also to meet its climate and energy goals, “while ensuring security of supply and solidarity among Member States.”¹⁵

The Commission had proposed a larger CEF (originally 50 Billion Euro, then 40 Billion Euro) and clearly highlighted the “European security” dimension¹⁶. It has explained, why the former private engagement to qualify and to enlarge the

¹⁴ <http://www.eu2013.ie/news/news-items/20130627cefagreement/>

¹⁵ Ibid.

¹⁶ European Commission, Communication from the Commission: A growth package for integrated European infrastructure, COM(2011)676 final, Brussels 19.10.2011, 2, 6.

infrastructure has not been enough and has remained insufficient. “The objective of the infrastructure instruments is to attract private sector financing to help Europe to unleash its potential in the moment of a crucial transformation and the shift towards a resource efficient and low carbon economy ...The toolbox of instruments should set the base for a long term stable investment framework and act as a catalyst and stimulator. The Connecting Europe Facility seeks to fill this by two types of main instruments:

- Equity participation in equity funds which provide risk capital to actions contributing to projects of common interest;
- Loans and/or guarantees to projects of common interest facilitated by risk shaping instruments, including enhancements mechanisms for long term bank lending and for project bonds issued by project companies ...”¹⁷

However, the long-term planning, construction and operational time horizon of infrastructure projects also needs a long term preparation to implement financial instruments. That is why, simultaneously to the Connecting Europe Facility proposal, the Commission is proposing to launch a pilot phase of the *Europe 2020 Project Bond Initiative* (PBI) already under the current financial framework. So project bonds are one of the financial instruments under the CEF as a part of the “Europe 2020” strategy.

The long quotation is aimed to show the connections existing between infrastructure investments, privatization of public services (especially of the social security systems), financialisation and ecological destruction - regardless of nice words on resource efficiency, climate friendly technologies and a low carbon economy which are occasionally added. These investment processes are connected with new mega-projects, with maintaining (and exacerbating) production and consumption patterns which will in fact destroy the natural conditions for a human life in dignity.

The initiative is a joint project of the European Commission and the European Investment Bank (EIB) aiming at stimulating capital market financing for large-scale infrastructure projects. The targeted investors are institutional investors (e. g. pension funds, insurance companies). For them project bonds represent a normal match for their long-term obligations. Having access to a new asset class providing diversification and a solid rating, such investors will be interested in project bonds because of the EIB’s expertise, track record in infrastructure and PPP financing. The mechanism of improving the credit standing of projects relies on the capacity to separate the debt of the project company into a senior tranche and into a subordinated tranche. The provision of the subordinated tranche increases the credit quality of the senior tranche to a level where most institutional investors are interested in holding the bond for a longer or a very long period.

The subordinated tranche – the Project Bond Credit Enhancement (PBCE)¹⁸ – provided by the EIB in cooperation with the EC can take the form of a loan. This loan is given to the project company. But it can be also a contingent credit line which can be drawn upon if the revenues generated by the project are not sufficient to respond to the senior debt service.

¹⁷ Ibid., 7.

¹⁸ “The EIB and EC are confident that the credit enhancement offered through the PBI will facilitate investment by institutional investors such as pension funds and insurance companies. For these investors, project bonds whose credit ratings have been enhanced through the PBI may represent a natural match for their long-term obligations.” http://www.eib.org/attachments/documents/project_bonds_guide_en.pdf, 4.

This kind of financial support will then be available during the construction phase and the lifetime of the project.

The proposed mechanism of the initiative will:

- have a maximum size of individual transactions of up to the level of EUR 200 million or of 20% of credit enhanced senior debt;
- as subordinated debt, targeting an up-lift of the project rating to A-AA rather than AAA;
- be based on the EIB's capacity to deliver subordinate loans;
- only target the EIB's core business;
- only support robust projects
- benefit from the EIB's proven due diligence, valuation and pricing methodologies¹⁹.

Infrastructure projects, especially the space infrastructures Galileo and Copernicus need military protection, as well as the defence and security sector need a well established infrastructure – this is the background of the notion of a European Defence and Industrial Base (EDTIP)²⁰.

In July 2013 the European Commission published its communication “Towards a more competitive and efficient *defence and security sector*”²¹ It sets out “an action plan for the for the Commission's contribution to strengthening the Common Security and Defence Policy (CSDP). The Commission invites the European Council to discuss this Action Plan in December 2013 together with the report prepared by the High Representative of the Union for Foreign Affairs and Security Policy ...”²²

The “normalcy” of an orientation towards a strong military industry gives a specific shape to the understanding of and the approach to industrial policy more generally: “Many of what have become everyday technologies in use have their roots in the defence industry. Microwave technology, satellite navigation and even the internet can trace their origin back to research carried out by the defence industry.”²³

The Commission is expecting to be capable of developing an industrial policy for the defence industry which will be based on two cornerstones:

- “support for competitiveness – including developing ‘hybrid standards’ and
- support for SMEs – including development of a European Strategic Cluster Partnership”²⁴.

All this should not generate surprise or provoke any questions: The defence industry “plays a crucial role in the wider European economy. With a turnover of €96 billion in 2012 alone, it is a major industrial sector, generating innovation and centred on high-end engineering and technologies. Its cutting-edge research has created important indirect effects in other sectors, such as electronics, space and civil aviation and provides growth and thousands of highly skilled jobs.

Defence industry in Europe directly employs about 400,000 people and generates

¹⁹ <http://www.eib.org/products/project-bonds/index.htm>

²⁰ European Commission, Communication from the Commission, Towards a more competitive and efficient defence and security sector, COM 2013(542) final, 24.7.2013, 3 and 12.

²¹ European Commission, Communication from the Commission, Towards a more competitive and efficient defence and security sector, COM 2013(542) final, 24.7.2013.

²² Ibid., 16.

²³ European Commission, Commission staff working document on defence, accompanying the communication „Towards a more competitive and efficient defence and security sector, COM 2013(542) final, 24.7.2013”.

²⁴ European Commission, Communication from the Commission, ibid., 4-5.

up to another 960,000 indirect jobs. It is, therefore, a sector that is essential to retain if Europe is to remain a world-leading centre for manufacturing and innovation. This is why action to strengthen the competitiveness of the defence industry is a key part of the Europe 2020 Strategy for smart, sustainable and inclusive growth.”²⁵

It is worth mentioning that the industrial policy initiatives 2012/2013 in Germany²⁶ and France²⁷ are

- strongly oriented towards global competitiveness and “security”;
- aiming at stimulating investments, while marginalizing ecological problems;
- highlighting intensive cooperation between the state and the private economy;
- promoting cooperation for competition – especially in R&D, integrating SME in economic cycles of corporations, improving human capital;
- demanding free trade activities and state activities for “energy and resource security” – i.e. a new justification for tolerating and strengthening neo-colonialist policies of EU member states;
- connecting ecological issues with technology improvements;
- demanding to rescue the Euro-System.

Both industrial policy initiatives display a nationalist language and are explicitly aiming at renewing a consensus with large parts of the population, thereby supporting or tolerating a selective destruction of social and democratic standards. So there is no any coincidence that the joint declaration of the French and German governments on the occasion of the 50th anniversary of the Élysee treaty has an attitude of European powers, working on a strong EU which is useful for themselves and likewise on their own security and competitiveness, as well on the significant role they aim at playing on the European level as well as globally²⁸.

“The economic crisis may have given us the chance to change things in the right direction. There is no time to waste. I am optimistic about Europe’s future but we must urgently carry out the necessary reforms to improve the investment climate”²⁹, declared Leif Johansson, Chairman of Ericsson and of the European Round Table of Industrials (ERT) on the European Business Summit in May. His very clear speech articulates a full-fledged attack on democratic, social and ecologic standards, as well as on the conditions for a socially and ecologically sustainable development in global solidarity.

The European Council from May 2013 followed the key economic policy ideas of the German and French heads of state and of the ERT – reflecting also the German and French economic power in the EU. The Council conclusions highlighted the competitiveness priority and, therefore, the orientation towards cheap energy: “In the

²⁵ Ibid., 3.

²⁶ Bundesministerium für Wirtschaft und Technologie, Starke Industrie. Starke Wirtschaft. Handlungsfelder der Industriepolitik, Berlin, April 2013.

Bundesministerium für Wirtschaft und Technologie, „Lust auf Technik“ – Neues wagen, Wachstum stärken, Zukunft gestalten, Berlin.

Die Bundesregierung, Wohlstand durch Forschung. Bilanz und Perspektiven der Hightech-Strategie für Deutschland, Berlin 2013.

²⁷ Louis Gallois, Pacte pour la compétitivité de l’industrie française, Paris 2012.

²⁸ [http://www.auswaertiges-
amt.de/EN/Europa/DeutschlandInEuropa/BilateraleBeziehungen/Frankreich/130108-
50JahreElyseeVertrag.html](http://www.auswaertiges-amt.de/EN/Europa/DeutschlandInEuropa/BilateraleBeziehungen/Frankreich/130108-50JahreElyseeVertrag.html)

²⁹ <http://www.ert.eu/sites/default/files/ERTpressrelease%20-%20Industrial%20Renaissance%20160513.pdf>

current economic context we must mobilise all our policies in support of competitiveness, jobs and growth. The supply of affordable and sustainable energy to our economies is crucial in that respect. This is why the European Council agreed today on a series of guidelines in four fields which together should allow the EU to foster its competitiveness and respond to the challenge of high prices and cost: urgent completion of a fully functioning and interconnected internal energy market, facilitation of the required investment in energy, diversification of Europe's supplies and enhanced energy efficiency.”³⁰ So we can state that all the issues referred to in our paper are now, in fact, reflected by the conclusions of the European Council.

Only one week after the European Council, the Franco-German Working Group on Competitiveness and Growth chaired by the heads of the Bundesverband der Deutschen Industrie (BDI) and of the Mouvement des entreprises de France (MEdeF) has sent a letter to Angela Merkel and Francois Hollande, asking them to increase the pace of realizing the special interests of the owners and exponents of industry: “German and French industry regard the following policy fields as essential for achieving this goal: energy policy, trade and investment policy, company financing and financial market regulation policy, competition policy, budgetary and fiscal policy, as well as innovation policy. These issues must be set at the core of European and national policies in order to optimize European industry's ability to help restore the path to sustainable growth and employment.”³¹

The dominant spring and summer business activities have in fact shown that there are tendencies and problems under stress, but we shall have to highlight another problem area: Taken in isolation as well as in combination, the very “competitiveness of Europe” policies, the management of Euro stabilization, and the austerity imposed upon public finances are inherently destructive: They do destroy industry, especially in the “crisis countries”, which are in actual fact rather important for the internal and the external security of the EU. This again shows that in reality, the discourse displayed is not about the competitiveness of “Europe” (or rather of the “EU”), but about the competitiveness of certain leading corporations and of the regions in which they dominate, and about the security of the ruling groups, above all of the capitalist oligarchies, which have to come to terms also with the unintended results of their own policies. In the EU we accordingly face an on-going process of peripherisation that is more than a mere matter of differences between countries and regions, but concerns more deeply a polarisation of social structures, as well as growing inequalities, social confrontations and development gaps. These processes really do threaten “security” within European societies. Such processes of peripherisation can be discovered as closely related to more general processes of polarization, leading to a concentration of wealth and power on the opposing “upper” side, connected to over-arching processes of oligarchisation and financialisation. These processes are also closely linked to two competing tendencies: the reinforced and even accelerated development of the EU towards becoming a leading global actor and the on-going growing development towards a free trade and security community between the EU and the United States. Both these tendencies are connected to a special emphasis on an orientation towards competition and security, as well as to a specific type of industrial policy.

³⁰ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/137197.pdf, 1

³¹ http://www.rapportbeffacromme.eu/beffa-cromme_en_corr.pdf, 1

3. What should be the consequences to be drawn from these developments for the future work of the EuroMemoGroup?

The paper should have shown that the EuroMemoGroup would be well-advised to do the following:

- formulate its own understanding of industrial policy;
- develop its own approach by analysing and criticising the ruling policy mix in this policy area;
- search for possibilities to act which could be recommended to relevant actors and groups of actors.

Here we may assume that the central idea which could go into a specific understanding of industrial policy adequate for the EuroMemo Group could be the notion of politically organizing and strengthening the various collective actors which are interested and engaged in such a change in the development of industry that will help to develop and to implement sustainable solutions for social, ecological and global problems. Such a “sustainable development” has to be democratic and solidarity-based, improving above all the social conditions and position of the socially and globally weakest.

And it should be stressed, in conclusion, that neither strategies of sustainable development nor macro-economic strategies aiming at increasing economic stability will be capable of functioning, if they do not manage to address the problem areas of industrial policy – with the aim and objective to use the specific potential – e.g. for multiplier effects – of this key area of concrete economic development. Developing an effective approach for securing the cognitive basis of a critical analysis of industrial policies, as well as for the construction of alternative industrial policies will therefore become a key issue for research initiatives in this field – while the unfolding of broad public debates on industrial policy issues, as well as building alliances between concerned social forces interested in such democratic alternatives will be a central condition for opening a space for real political alternatives in the economies of the EU.

These short notes may serve as a first orientation basis for future work of the EuroMemo Group on

- building political platforms concerning industrial policy issues and participating in networking on the EU level – after, finally, industrial policy has become a topic for more alternative actors;
- responding to Green Papers for enlightening people and partners, for becoming visible as a collective alternative thinking network;
- find and connect existing work and initiate further work on alternative conceptions for deconstructing and/or reconstructing the six afore-mentioned domains;
- find and connect existing work and initiate further work on alternatives and at the same time on work for political platforms based on the commitment for specific democratic, social and ecological standards, as well as for protecting, democratizing and enlarging the public spaces and resources.

Appendix: A modest proposal as an example

We would like to present a short sketch of an approach³² leading to concrete proposals for the EuroMemo Group:

Energy-related activities are responsible worldwide for ca. 63 % of global climate-damaging emissions, including 77 % of all carbon dioxide emissions. About 28 % of climate-damaging emissions and 36 % of carbon dioxide emissions derive from electricity and heating. The *transportation economy* is responsible for more than a fourth of climate-damaging emissions. It is 96 % energy-dependent on oil, which causes more than 95 % of transportation emissions. *Agriculture* causes ca. 14 % of carbon dioxide emissions. If we add to this the CO₂ absorption destroyed through deforestation, the climate-related value goes up to 32 %. Furthermore, CH₄ and N₂O emissions are added to these emissions.³³ But more than a billion people suffer from hunger and malnutrition and many millions more from energy poverty. The development and reproduction of the material and social structures connected to these data is essentially associated with *armaments and militarisation*, with violence and wars. The military-industrial complex (MIC) is not only the big customer of energy, transport, and agriculture/agribusiness. It has also shaped the respective sectors.

Due to the role and reciprocal interlocking of these four areas with the consumption of natural resources, the pollution of air, water and soil, the overuse of the ecosystem and their role in the production of violence against people, they may be identified as the “destructive quartet”. This quartet and, in particular, the MIC/security sector have jointly determined the essential lines of development in the technology sector and in the financial sphere. The technologies and movements of finance form the basis of the development and interconnection of this quartet, its dynamic and its economic, ecological and above all social effects.

The development of structures of production and consumption, modes of production and life on the one side, and power structures and dominant politics on the other side, is not explicable without the interactivities and intermeshing between the leaders in these six economic domains. In return, they are dependent on mega projects and therefore on state finance policy and legislation due to their form and mode of functioning –, which makes the policy leaders who affect the course of conversation in ideology and media. In the capitalist centers, the consensus of large parts of society is organised through income structures, financial markets participation patterns, production and consumption structures and the array of life styles made possible by them, with all their destructive social, ecological and international effects. It is not surprising that the investment rates for the six domains are as high as they are.

³² See Judith Dellheim, *In Search of Possibilities for Action*, 2012. The contribution takes off from a common booklet by Lutz Brangsch, Judith Dellheim, Joachim H. Spangenberg, Frieder Otto Wolf, *Den Krisen entkommen. Socialökologische Transformation [Exiting the Crises: Socio-ecological Transformation]*, Rosa-Luxemburg-Stiftung, Manuskripte 99, Berlin 2012.

³³ <http://cait.wri.org>

In seeking possibilities of political action, we can identify contradictions that can and should be used effectively³⁴. Such an alternative practice will have to cope with social activities especially in four interrelated dimensions: public finance and social security systems, developmental aid, budget consolidation and debt cancellation. It will have to address effectively

(a) the comprehensive problematic of financial markets, as well as

(b) 'special projects' of the ruling forces, of those in government, concrete concerns such as privatisation, PPP (public-private partnership), megaprojects or problems in the municipality or region. These often have to do with energy, transportation, agriculture, with agro-business, "security/defence" and as a whole therefore with the competitive national positions of the perpetrators of problems, with concrete technologies and investment;

(c) coping with poverty/social exclusion, discrimination and repression/violence – especially by advocating and implementing social, democratic and ecological (minimum) standards; and (d) struggles against already realised or about-to-be-realised socially and ecologically destructive projects/practices of governments and international institutions (EU, WTO) such as the EU services guidelines, free trade agreements and WTO regulation.

Further analysis of the actual social activities points to the consolidation of three interconnected strategic areas:

(a) struggling for democratic, social and ecological standards;

(b) the democratisation of the public space and political decision-making processes regarding priorities and principles for the mobilisation of people and resources;

(c) use of public finances; (d) active and participatory local and regional development. In this respect, political engagement for the structural improvement of the living conditions for the underprivileged need to be emphasized. Participatory processes as

³⁴ The capitalist mode of production requires cooperation among people. The people co-operating on this basis can defend themselves to some degree against the pressures to be just isolated individual workers (this is also true for those who are highly qualified) producing social and ecological destruction (a). The new technologies and financialisation not only open up new fields for the accumulation of capital but also new possibilities of individual independence. They create needs for more possibilities of choice in the shaping of one's individual life. The new technologies not only offer the capital oligarchies new possibilities of expanding their power but also those who are fighting them and working on social-political alternatives (b). People in very diverse social situations are interested in their – and at least in their children's – health and education, in self-determination and therefore in reasonable work and secure income, in intact nature and in a peacefully functioning everyday life. They see themselves as being thoroughly threatened by competition, the destruction of nature, social and global divisions, by political and religious fundamentalisms, and by surveillance and militarisation. They can also refuse to accept the explanations and political answers of the rulers. Even those who in diverse ways participate in the administration of society mostly work towards a certain identity of interests of socially and politically very heterogeneous forces: Under conditions of the reigning mode of socialisation and in particular of global competition, the "quality of human capital" and competitive national positions are indispensable conditions for success along with "relatively reasonable" use value of air, of water and of land. In addition "there is only this one world" (c) – so that struggles over interests among the factions of capital become unavoidable.

such do constitute an essential connecting bridge between (a), (b) and (c). Here existing real and potential possibilities for people to appropriate knowledge and capacities for solidary cooperation, for dealing actively with the causes and perpetrators of social and ecological problems, and in so doing for creating (or being able to create) viable political alliances, and for positively changing (or being able to change) collective and social life in a sustainable way – acting in the European and global context via solidary networking, locally and regionally, supra-regionally. Political confrontations, the struggles against privatisation, destructive projects, corporate practices, megaprojects, and so forth, take place primarily in the municipalities or regions. Local and regional development is highly relevant for political activities against social and ecological destruction and thus for the critique and reconstruction of the economies of energy, transportation and agriculture and the dismantling of the MIC/security sector. This is where citizens can and do operate effectively as collective actors, on concrete problem solutions and alternatives. This does not imply a restricted horizon or a ‘not-in-my-backyard’ attitude: Quite to the contrary – in defending their own very interests, they are obliged, from the very start, to “think European”, because their own concrete problems always have an EU dimension, explicitly or in a latent way.

The central issue of imposing politically defined standards upon deregulated markets therefore takes a special urgency, and some degree of feasibility, on the local and regional level. For the social life of the municipalities and the regions, the prevailing social, democratic and ecological standards and the decisions taken on public finance are of decisive importance. The municipalities and regions are the places, where actors from diverse social and political groups come together most immediately, and whose alliances on the state, EU and international levels are needed in order to impose social standards, rules and laws on public finances – including help for the global poor – and in a perspective of reconstructing sustainable economic structures and corresponding ways of life. The political confrontations and struggles around the raising or setting of social, ecological and democratic minimum standards – standard setting – reflect or change the existing socio-political relations of force, and their real dynamics. After all, established standards imply the right to make one’s claims effective, and therefore they are demanded by concrete actors with their specific interests. However, they can also define limits of what is admissible or be re-articulated as demands for concrete limits (e.g. maximum working hours).