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**To cite this article:** Christakis Georgiou (2016) The Eurozone crisis and the European corporate elite: bringing corporate actors into focus, *Economy and Society*, 45:1, 51-76, DOI: [10.1080/03085147.2016.1159054](https://doi.org/10.1080/03085147.2016.1159054)

**To link to this article:** <http://dx.doi.org/10.1080/03085147.2016.1159054>



Published online: 18 Apr 2016.



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# The Eurozone crisis and the European corporate elite: bringing corporate actors into focus

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## Abstract

This paper uses a framework referred to as the ‘corporate reconstruction of European capitalism theory of integration’ to analyse the European Union’s response to the Eurozone crisis. Most political economy analyses of the Eurozone crisis have focused on political leaders, clashes between creditor and debtor member states and public opinions in analysing the handling of the crisis. This paper focuses instead on the input of corporate actors. It is argued that both the setting up of the European Monetary Union (EMU) and the handling of its crisis were congenial to corporate preferences. Europe’s nascent corporate elite was concerned with eliminating currency risk when the EMU was set up and therefore did not push for fiscal federalism. When the flawed architecture of the Eurozone transformed that currency risk into sovereign credit risk, corporate preferences adapted and now favoured fiscal liability pooling and ultimately the setting up of a fiscal union.

**Keywords:** Eurozone crisis; corporate elite; political economy; macroeconomic policy; institutions; fiscal liability.

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## Introduction

The Eurozone crisis has been the most prominent feature in recent debates over the European Union's prospects. Many commentators and some scholars have analysed the crisis as the beginning of the end for the European Union. There exists, however, a time-honoured tradition in the study of European integration which holds that each crisis, after an initial stage of paralysis, acts as a catalyst for the next step in the process. Some scholars have indeed insisted on this dimension of the current crisis (Bastasin, 2012; Bergsten & Kirkegaard, 2012; Schimmelfennig, 2015).

This paper concurs with scholarship in this latter strand of analysis but does so on the basis of a different focus. Most analyses of the crisis have focused on the actions of political leaders, conflicts among governments, especially between creditor and debtor member states, and the influence of public opinion (in addition to the above, see Leparmentier, 2013; Marsh, 2011; and the various papers in the *Journal of European Public Policy* [JEPP], 2015). Hardly any have focused on the role played by the private sector and the business community. Although Schimmelfennig's liberal inter-governmentalist take attempts to analyse member state preferences by reference to interest group input at the national level, its state-centric inter-governmentalism yields an account that is still largely focused on political leaders. His analysis also misses what might be considered to be the key dimension of the crisis, namely European corporate elites' opposition to the German government's insistence on forcing losses on investors, which became part of the policy response in November 2010 after the Franco-German summit at Deauville. Niemann and Ioannou's (2015) neo-functional interpretation has only a very short treatment of corporate actors' input and similarly misses the importance of the Deauville decision.

In this paper I use a framework which I refer to as the 'corporate reconstruction of European capitalism theory of integration' to analyse the European Union's response to the Eurozone crisis. The basic hypothesis is that European political-economic integration is a central component of the post-war corporate reconstruction of European capitalisms. The paper functions as an attempt to substantiate a claim made by sociologist Eelke Heemskerk in a 2013 paper documenting the 'rise of the European corporate elite'. After demonstrating that during the latter half of the 2000s the network of interlocking directorates linking together Europe's major corporations grew substantially stronger, the author ventured that this provided 'a structural basis for overcoming the present Euro crisis that has been handled primarily at the political level' (Heemskerk, 2013, p. 77).

The Eurozone crisis has exposed the institutional deficiencies of the European Monetary Union (EMU). The mix of a centralized monetary policy with almost completely decentralized fiscal policies has proven highly problematic. This institutional imbalance led to the rapid deterioration of sovereign creditworthiness in the wake of the 2009 recession in those member states that had accumulated large current account deficits during the 2000s.

Consequently, expert opinion once again points to the need for fiscal federalism (some examples include Aglietta, 2012; Artus & Gravet, 2012) in order to reduce the effects of asymmetric shocks through the stabilizing impact of a central budget with borrowing capacity.

The paper examines the development of the Eurozone from the point of view of corporate actors. Europe's nascent corporate elite was primarily concerned with the elimination of currency risk stemming from the traditional pattern of macroeconomic imbalances in Europe when the EMU was set up and therefore did not push for fiscal federalism, thus eliminating one potentially powerful source of political momentum in favour of such an institutional innovation. When the flawed architecture of the Eurozone transformed that currency risk into sovereign credit risk, corporate preferences adapted to the functional logic entailed by their previous preference for monetary union and now favoured a degree of fiscal liability pooling and ultimately the setting up of a fiscal union.

I start by presenting the basic elements of the framework. I then analyse the setting up of the EMU, arguing that there is a link between the gradual emergence of pan-European corporations starting in the 1970s and the movement towards centralization of macroeconomic policies in Europe. Finally, the paper turns to the Eurozone crisis. I show that the crisis-management policy pursued by European political leaders closely reflects the preferences of European corporate elites, although the corporate consensus on some aspects of the handling of the crisis was weak and was reflected in inter-governmental tussles.

### **Rising interdependence as corporate reconstruction: a structural link between European big business and integration?**

There are, by now, a number of well-established political science theories of European integration (most of these are rehearsed in the *JEPP* special issue cited above). All of them accept the basic proposition that the fundamental driver of European integration is the rise of economic interdependence among European nation-states. This understanding is particularly present in the first such theory, neo-functionalism (Sandholtz & Stone-Sweet, 2012), which holds that the development of interdependence throws up transnational economic actors that work closely with the EU's supranational institutions to manage the problems generated by such interdependence, as well as in its main competitor, liberal inter-governmentalism (Moravcsik, 1998), which builds on a pluralist theory of domestic politics and a liberal theory of international politics and interstate bargaining to produce an account of how European nation-states deal with the problems generated by such rising interdependence. More recent theories such as sociological institutionalism (Fligstein & Stone-Sweet, 2002) or strategic constructivism (Parsons, 2003) accept this premise but focus on providing alternative accounts of the political and institutional dynamics that govern the development of European

integration. Debate among European integration scholars has indeed very much focused on such controversies, and the basic premise has not been revisited. Indeed, rising interdependence is taken as a given, and the theories do not explore why, at what pace and in what form it unfolds, or whether these issues can produce insights about the integration process itself.

Yet a closer look at the nature of the rising interdependence among European nation-states can plausibly be expected to generate useful insights and different avenues for examining the integration process. In particular, this can be done by looking at the microeconomic drivers of rising interdependence.

To do this, I start with the historical theory of big business developed by business historian Alfred Chandler (especially 1988, 1990). The large firm constitutes for Chandler the key organization in the economic development and transformation of all major nations from the end of the nineteenth century onwards. The main reason for this is the structural relation between the technological innovations of the second industrial revolution and the organization of production within oligopolistic corporations. The profitable commercialization of the new production techniques requires vast fixed investments, very high minimum production volumes and, crucially, very large markets so as to reap economies of scale. This entails oligopolistic market structures since the minimum efficient scale means that firms need to capture considerable market share for economies of scale to kick in. The oligopolistic transformation of market structures grants the surviving firms market power and raises very high barriers to entry in mature industries. Finally, the internal complexity of these new firms has led to the emergence of a specialized layer of executives, functionally distinct from owners and having a hitherto unrivalled capacity to plan economic activity. Henceforth, the organizing principle of economic activity is the 'visible hand' (Chandler, 1977) of these new managerial elites.

In America, the corporate domination of economic activity was accompanied during the early stages of the twentieth century by a reconfiguration according to corporate preferences of the legal, regulatory and financial infrastructure that undergirds economic activity, a development referred to as 'the corporate reconstruction of American capitalism' by historian Sklar (1988). This reconstruction crucially also involved a significant centralization of macroeconomic policies during the first half of the twentieth century. Monetary policy was gradually centralized, first with the creation of the Federal Reserve System in 1913 and then through the Banking Act of 1935 which gave full power over monetary policy to its Board of Governors. Fiscal policy was also significantly centralized during the New Deal (Wallis & Oates, 1998). Corporate actors were a crucial influence in these developments (Livingston, 1989).

How does this theory relate to the problem of rising interdependence in Europe? In a historical-comparative contribution on the development of big business in the twentieth century, Chandler and his co-authors note that while the second industrial revolution happened simultaneously in Europe and America during the last quarter of the nineteenth century, it was the United States that took the lead in generalizing the use of the new technologies

and the corporations exploiting them. The main reason for this divergence in historical trajectory was the existence of a vast unified American market since the end of the Civil War (see the comparison with Europe's single market in Egan, 2015), a prerequisite for attaining production volumes compatible with the realization of economies of scale. In Europe, by contrast, the political-economic fragmentation resulting from the multiplicity of nation-states hampered the process of corporate reconstruction. Awareness of Europe's backwardness began to generalize as early as the 1920s, when there was much talk of 'commercial invasion' by American multinationals (Wilkins, 1974, pp. 153–158) and Europeanist currents began to influence the foreign policies of the main European powers. Seen from this angle, the purpose of European unification is the overcoming of this fragmentation with the aim of facilitating the corporate reconstruction process. European unification should also be expected to entail the recasting of economic governance institutions along lines congenial to the development of a pan-European corporate economy. Thus, in Europe's case, rising interdependence among European nation-states should be a key dimension of the process of the corporate reconstruction of European capitalism(s). Consequently, the strategies and preferences of corporate actors should broadly be reflected in the substance and development of the integration process.

There now exists a diverse body of scholarship that dovetails with this interpretation. In particular, this is the guiding thread in Jean-Christophe Defraigne's economic history of Europe (2004, 2013). Likewise, Kerry Chase (2005), in a book exploring the role of economies of scale in the setting up of regional trade blocs, has shown that both in the 1930s and during the post-war period, the main supporters among economic actors of European integration projects have been corporations in the industries associated with the second and third industrial revolutions as they stood to reap the greatest gains because of enlarged markets. Other scholars have also highlighted the influence of European corporations in the integration process: Green-Cowles (1995) and van Apeldoorn (2002), that of industrial corporations in pushing for the completion of the single market; Huw Macartney (2011) and Mügge (2010), that of financial corporations in the setting up of the single market for financial services; Culpepper (2010), that of French and German corporations in the evolution of the European market for corporate control.

This is not to say that corporate actors directly dictate policy to political leaders or administrative elites. Indeed, in the case of France, the initial post-war impulse towards the corporate reconstruction of French capitalism emanated from within the state bureaucracy, where a group of 'modernizing' high-ranking civil servants epitomized by Jean Monnet, in alliance with only a handful of corporate leaders, instigated such a reconstruction (Granou, 1977) and pushed for France to embrace European integration. Rather, the unfolding of the corporate reconstruction process generates functional pressures that push the policy formulation process in a particular direction. These pressures can take the shape of political activities by corporate elites, such as

those documented by American political sociologists working on corporate elites (Domhoff, 2013; Mizruchi, 2013), but they also manifest themselves through market processes that constrain policy-makers. An obvious example here would be the impossibility of reintroducing trade barriers within the European Union in markets where corporations have adapted their production networks in order to benefit from the advent of a single market. Beyond the legal constraints, the economic disruption this would entail is a powerful dissuasive force constraining all political actors. Finally, policy-makers, as in the case of the French modernizers, can also spontaneously favour policies that further the process of corporate reconstruction. Monnet, for example, was convinced of the need for corporate reconstruction by what he witnessed as an investment banker in New York in the 1930s – his memoirs are littered with references to American capitalism and the benefits of large-scale production (Monnet, 1976).

The argument of the paper, then, is that the process of forging a pan-European macroeconomic governance regime should be consonant with the needs of European corporations. This is not to say that this is the only influence shaping the process. Exogenous shocks like the demise of the Bretton Woods system in the early 1970s or the financial crisis rippling out of Wall Street in 2008 clearly have played a key role here. Also, the design of new pan-European institutions can clearly be constrained by the pre-existing set of institutions according to the logic of path-dependency identified by historical institutionalists (Pierson, 1996) and pressure from public opinion can push policy-makers in a direction that is sub-optimal from a corporate standpoint (Culpepper, 2010; Hooghe & Marks, 2008), thus giving rise to political struggles over the shape of Eurozone institutions. Nonetheless, focusing much more closely than the existing literature on the Eurozone crisis has done on the preferences of corporate actors can contribute to a better understanding of the handling of the Eurozone crisis.

### **The two periods of the integration process: from national to European champions**

In the following two parts of the paper, I highlight the relation between the setting up of the EMU and the gradual emergence of pan-European corporations.

To do this I follow the periodization of the integration process proposed by Defraigne, according to whom two main stages can be distinguished. The first is that of the strategy of building national champion firms, which lasted until the 1970s. The term refers to the small number of large national firms (one or two per industry in general) that the member states strove to build through micro- and macroeconomic policies designed at the national level.

This policy stood in continuity with inter-war practices – an example is the fostering by the British and French states of national champions in the oil industry (Vernon, 1974). There were, however, two major differences: first, the importation from the United States of anti-trust policies by the supporters of

integration accelerated the process of centralization of productive capacities within large oligopolistic firms by facilitating the dismantling of defensive cartelization practices (Djelic, 1998) that spread during the inter-war years, preventing rationalization and the reduction in the number of firms operating in each industry. The second difference was that the post-war national champions strategy was pursued in the context of trade liberalization through the gradual elimination of tariff barriers leading to the common market. However, protectionist practices in the shape of non-tariff barriers, obstacles to the free movement of capital as well as the lack of co-ordination of national macroeconomic policies persisted. In practice, the corporations that developed in each member state enjoyed preferential access to their respective national markets, and their activities remained only slightly Europeanized.

The national champions strategy began to lose steam in the 1970s (Defraigne, 2006). First, its benefits in terms of generalizing large-scale production began to exhaust themselves since in the absence of pan-European oligopolistic market structures the strategy simply led to the monopolization of national markets and the blunting of competitive pressures on national champions. Second, these same firms were more and more in a position to venture beyond their national borders and to Europeanize not only their distribution networks but also their productive apparatuses. This movement took off shortly after the setting up of the customs union in 1968 (Franko, 1976). Its generalization heralded the passage to the second stage of the integration process.

Two symbolic dates can be seen as marking the beginnings of the second stage, which could be referred to as the period of post-national or European champions because the European single market gradually became the domestic market of the former national champions and both micro- and macroeconomic policies have gradually become much more centralized at the European level.

The first is the year, 1983, during which the European Round Table of Industrialists (ERT) was set up. This organization brought together some 40 CEOs of industrial corporations from the various member states. The ERT campaigned for an initiative to complete the common market through the elimination of persistent non-tariff barriers and the minimal harmonization of technical standards. The ERT's members envisaged such a development as a microeconomic policy whose aim was to allow them to reap greater economies of scale and thus better resist American and Japanese competition on international markets that intensified during the 1970s. The second was the coming into force of the Single European Act in 1986, whose most important element was the legislative programme EU 1992 aiming to eliminate non-tariff barriers and to complete the European single market. The treaty also extended decision-making by qualified majority voting in the Council of Ministers at the expense of unanimity in order to weaken resistance to the implementation of the programme.

During this second stage, the EU 1992 programme was fully and quickly implemented, European competition policy strengthened and European technology programmes set up to promote industrial corporations in technologically



intensive industries (Peterson & Sharp, 1998). Substantial swathes of the micro-economic policies that made up the arsenal of the national champions strategy have thus been centralized at the European level. Europe's economic geography was profoundly altered during the 1980s and 1990s. The levels of productive and financial integration between the member states rose dramatically. This is reflected in the geographical distribution of the activities of European corporations (Rugman, 2005; Rugman & Collinson, 2005; Véron, 2006). These firms have largely Europeanized their activities, in the sense that they now operate integrated productive networks at a regional scale (Dicken, 2011).

The Europeanization of former national champions is at the root of the evolution of corporate preferences in macroeconomic matters. These now converged towards support for the centralization of monetary policy. This was due to the combined effect of two consequences of this Europeanization.

### **The corporate elite and the setting up of the Eurozone**

First, the Europeanization of national champion firms resulted in European corporations gradually prioritizing the objective of exchange rate stability. Jeffry Frieden has developed a theoretical framework (1991, 1996) for analysing the preferences of economic actors in relation to macroeconomic policies. Regarding exchange rate stability, the determining factor is exposure to currency risk. Such exposure entails costs for firms, which they either need to cover by setting aside funds or by investing in derivative products designed to hedge against currency risk. It follows that

higher levels of cross-border trade and investment increase the size and strength of domestic groups interested in predictable exchange rates. Firms with strong international ties support a reduction of currency fluctuations. These effects are especially important to banks and corporations with investments throughout the EU. (Frieden, 1996, p. 202)

The Europeanization of national champions strengthened the need for them to operate in stable monetary conditions so that they could safely plan their activities at the scale of their geographic reach, which henceforth covered the entire single market area.

Second, the Europeanization of national champions fuelled and was accompanied by a significant acceleration in international capital mobility. This, in turn, strengthened the constraints deriving from the unholy trinity of fixed rates, domestic policy autonomy and free capital flows.<sup>1</sup> The logic of this trinity is pretty simple: if investors can freely move funds between different monetary jurisdictions, they can potentially practise macroeconomic arbitrage between them. Divergent macroeconomic indicators, especially inflation, create plenty of opportunities to do so and, as a result, generate strong volatility on currency markets, thus frustrating the objective of stability. In other words,

investors act, in a fixed rates context, as the vectors of a penalty meted out to the jurisdictions whose macroeconomic performance is the least beneficial to their investments. A monetary jurisdiction registering higher inflation than the economies with which it has fixed its exchange rate will sooner or later suffer capital flight which will exert downward pressure on its currency's market value. The unholy trinity thus entails, in a context of increasing capital mobility, the incompatibility of exchange rate stability and the pursuit of diverging macroeconomic policies from those generally prevalent in neighbouring economies. As international capital mobility intensifies, either because the volume of international financial transactions simply increases or because administrative obstacles (capital controls) to mobility are lifted, the incompatibility sharpens.

Following the end of the Bretton Woods system, the Deutsche Mark quickly emerged as the main competitor to the dollar. Its new international reserve currency status was reflected in the rapid rise of its share in global official reserves. Whereas in 1970 only 3 per cent of global reserves were Deutsche Mark-denominated, this share rose to 13 per cent by 1980 and peaked at 17.8 per cent in 1989. By comparison, the French franc lagged far behind. In 1970 it accounted for only 1.1 per cent of reserves and in 1980 for 1.7 per cent. In 1991 it peaked at 2.7 per cent (Eichengreen & Mathieson, 2000). The centrality of the German economy, reflected in the international status and credibility of its currency, transformed Europe into a Deutsche Mark zone. This gave German authorities primacy in determining the framework of European macroeconomic policies. The objective of stable exchange rates entailed that other member states should align on German macroeconomic performance. The only alternative was to influence the conduct of German policy in a more inflationary direction.

Member states were divided here according to the status of their national currencies. Those issuing a strong currency like Germany had little difficulty in adjusting their macroeconomic policies accordingly. But for member states such as France and Italy issuing weak currencies (for they regularly had trade deficits and higher inflation than Germany; see Coe-Rexecode, 2011, p. 21, for France), the structure of this Deutsche Mark zone implied that they had to carry the full adjustment burden through tight macroeconomic policies. This was referred to as the *franc fort* or competitive disinflation policy in France in the 1980s and 1990s; it amounted to a loss of monetary power and an additional motivation for the corporate elites of these member states to pursue the goal of a single currency managed by a federal central bank within which the central bankers from their home states could hope to retrieve some of the influence surrendered to the Bundesbank. In the French case, this is illustrated by a statement by Jean-Louis Beffa (Saint-Gobain CEO and ERT member 1986–2007 and one of the leading figures in the French corporate elite during the last 30 years; see Georgiou, 2014, pp. 155–160) two days before the Maastricht summit:

monetary union will not only create certainty, but it will create a better consensus on economic policies overall that are strongly influenced by the idea of lowering

inflation [ ... ] You won't have a policy that is totally influenced by the specifics of one country [ ... ] it could be a little more growth-oriented. It could take into account a little more the situation in other countries. (*Greenhouse*, 1991)

Corporations in weak-currency member states had an additional reason to support monetary union. Although all corporations were now exposed to currency risk because of the multiplicity of national currencies, the former were much more so because the currency in which the greater part of their assets was denominated was a weak currency whose regular devaluations imposed losses on them. The intensity of support for monetary union among corporations tended, therefore, to correlate strongly with the divide between weak- and strong-currency member states.

The most important manifestation of the mobilization of European corporations in favour of monetary union is the Association for Monetary Union in Europe (AMUE). The record of AMUE illustrates how the Europeanization of national champions strengthened the importance granted to exchange rate stability while also highlighting the differentiated intensity of corporate support for monetary union in line with the solidity of national currencies.

The link between the single market and monetary union had 'an inherent logic', according to two leading executives of AMUE. The main issue that AMUE members were concerned about was that of exchange rate stability and the reduction of costs relating to trans-border transactions in the context of the completion of the single market. 'Practical men in Europe were confronted with high costs due to monetary instability. Given the growing degree of European market integration they favoured exchange rate stability' (Collignon & Schwarzer, 2003, p. 50).

This link is also illustrated by the identity of the founders of AMUE. Among them were individuals closely related to the ERT, especially one of its two founders, Etienne Davignon, but also François-Xavier Ortoli (Total CEO and chairman of the international affairs committee of CNPF, the French employers' peak association), Giovanni Agnelli (Fiat), Hans Merkle (Bosch) and Cornelis van der Klugt (Philips). All of them were among the 17 ERT founding members.<sup>2</sup> AMUE secretary-general, Bertrand de Maigret has explained that there was a kind of division of labour between the ERT and AMUE, the former delegating to the latter the campaign by industrial corporations in favour of the euro (van Apeldoorn, 2002, p. 155; Balanya *et al.*, 2000, p. 50). After Maastricht, the two organizations stepped up their co-operation, and dual membership was common. In 1999, a third of ERT members also belonged to AMUE; seven out of the 30 members of the steering committee of the latter were ERT members.

French and Italian corporations were at the vanguard of the campaign by European big business in favour of monetary union. German corporations, on the contrary, entertained doubts (Collignon & Schwarzer, 2003, p. 58; Richardson, 2000, p. 14). This was partly why the ERT only timidly supported the project before the Maastricht summit, and was an additional *raison d'être* for

AMUE. Including financial and services firms in the campaign was the main one. As industrial corporations were suspicious of banks' commitment to monetary union, because the latter also had a vested interest in currency market volatility as their foreign exchange desks made profits by speculating in those markets, the majority in AMUE leadership bodies had to be reserved to representatives of industry (Collignon & Schwarzer, 2003, pp. 57–60).

Especially in France, whose currency was weak and which before 1984 experienced high volatility and regular devaluations, the necessity to operate in a stable monetary context pushed many firms to denominate an increasing share of their activities in ECU (the currency basket created in the 1970s). French national champions like Alcatel and Saint-Gobain were among the very first firms to campaign in favour of the use of the ECU by pointing out the increasing use of it that they themselves already made (Collignon & Schwarzer, 2003, pp. 34, 62). German firms were of a different mind. Many German executives even believed that the Deutsche Mark could evolve into the single European currency due to the credibility it enjoyed as a strong currency. 'As a rule, the ECU was most widely used by companies in countries with weak currencies who wanted to protect the value of their short-term financial assets' (Collignon & Schwarzer, 2003, p. 65). This split was also reflected in the national distribution of the initial members of AMUE. One year after its setting up, the association brought together 26 French and 31 Italian firms, but only one German firm. French firms spanned a wide spectrum of economic sectors (Moulin, 2007, p. 246) so that the entire French corporate elite can be said to have been actively engaged in the campaign. German firms only joined in significant numbers following the signing of the Maastricht treaty (Collignon & Schwarzer, 2003, p. 58). However, Daimler Benz, Deutsche Bank, Commerzbank and Dresdner Bank joined as early as 1989. German firms were much more concerned by the issue of price stability and the independence of the future ECB. German executives feared lest the result be a monetary union that diverged from the German macroeconomic benchmark. Hans Merkle even threatened to resign his membership because he considered that German concerns were not sufficiently taken into account. Similarly, Deutsche Bank's executives questioned the strategy of promoting the private use of the ECU because they considered that the *sine qua non* precondition for monetary union was the definitive alignment of national macroeconomic policies and performances on the German benchmark. They believed that was the only condition on which German public opinion would agree to give up the Deutsche Mark (Collignon & Schwarzer, 2003, pp. 64–65).

Studies of corporate executive opinion conducted in the late 1980s provide a similar picture. On average, 80 per cent of executives were in favour of a European currency and stable exchange rates. In Germany, however, support for monetary union was the lowest across Europe, with only about 60 per cent of favourable opinion. In France, the level of support varied between 80 per cent and 90 per cent (Collignon & Schwarzer, 2003, p. 65; Moravcsik, 1998, p. 408).

As early as the summer of 1989, AMUE abandoned the strategy of developing the ECU as a parallel currency (advocated by its instigators, Valéry Giscard d'Estaing and Helmut Schmidt) in favour of that of a single currency. The second stage of the European Money System (EMS) (1984–1992) brought increasing exchange rate stability with the convergence of inflation rates and the end of realignments between national currencies (Andrews, 1994). This reduced the cost of hedging against currency risk but highlighted the transaction costs linked to the multiplicity of national currencies that were legal tender within the single market, which the development of the ECU as an additional currency would only compound. Transaction costs are not, strictly speaking, costs relating to currency risk, but are nonetheless costs entailed by the absence of a monetary union. The proportion of these costs in the total turnover of a firm increases all the more so that it operates in multiple monetary jurisdictions.

In 1990 AMUE published its report on the development of monetary union. The Association clearly advocated a single currency managed by a European central bank and opposed the various projects of turning the ECU into a parallel currency or the British project of competing currencies. During the Maastricht negotiations, the association advocated a tight schedule and a firm commitment in favour of the passage to stage three of the transition to monetary union (the adoption of the euro), a position justified by the need for corporate executives for stability and certainty in order to make the necessary preparations (Collignon & Schwarzer, 2003, pp. 97–99). These proposals would all figure in the final agreement struck in Maastricht.

The Maastricht treaty represented a turning-point to the extent that German corporations joined *en masse* following its signing. This is also reflected in the evolution of the ERT's position on the issue of monetary union. Whereas up until that point the consensus within the group remained weak in favour of the single currency, it became stronger after Maastricht and irreversible following the EMS crisis in 1993. Bastiaan van Apeldoorn has summed up the new consensus as involving strong support for 'monetary stability based on economic convergence and financial discipline' translating into equally strong support for the single currency project (van Apeldoorn, 2002, pp. 167–170). Before the decisive meeting of the European Council at Madrid in December 1995, the ERT sent a letter to the leaders, in which it pleaded for an irreversible commitment in favour of the single currency (Richardson, 2000, p. 19).

Once the treaty was ratified, and following the December 1995 Madrid summit, AMUE focused on the campaign directed towards German public opinion and the Italian government in order to convince it to implement the necessary policies for the convergence of Italian macroeconomic performance to the German standard. The key issue during this period was to reconcile the most reticent national public opinion to the perspective of the single currency and to make sure that the macroeconomic regime that would result from the passage to the euro would conform to the German benchmark. Half of the one thousand public meetings organized by AMUE between 1989 and 1999 took place during the period 1996–1998 and the majority in Germany

(Balanya *et al.*, 2000, pp. 54–55). Moreover, AMUE cultivated during this period a very close working relationship with the Commission. Three of its steering committee members participated in the group of 12 wise men tasked by the Commission in 1994 with the drafting of a green book on the passage to the euro (Balanya *et al.*, 2000, pp. 82–83).

In other words, the logic and the key preoccupations that motivated European corporations (exchange rate stability and the reduction of transaction costs to reap maximum benefits from the Europeanization of their activities) as well as the compromise around which they gravitated (a firm commitment in favour of a single and not a parallel currency, managed by a federal monetary institution and a strict convergence of national macroeconomic performances on those of Germany) were closely reflected in the concrete project of the single currency. They also help explain, at least in part, the lack of substantial centralization (going beyond the stability pact) of fiscal policies, as I show below. Indeed, the crisis that shook the EMS in 1992–1993 reinforced the generalized conviction that the main macroeconomic issue that needed addressing was exchange rate stability. By simply eliminating currency risk and by obtaining guarantees that price stability would be safeguarded, it was widely believed that macroeconomic imbalances within the European Union would no longer be as problematic as during the previous period.

### The corporate elite and the management of the Eurozone crisis

Over and above the conviction that the existence of macroeconomic imbalances only generated currency risk that it was possible to eliminate through the creation of a single currency, the macroeconomic context of the 1990s is the second important reason that explains European corporations' negligence of the issues of fiscal policy centralization and the financial robustness of the monetary union.

The macroeconomic shock of German reunification paradoxically led to the realization of the scenario preferred by weak-currency member states in terms of macroeconomic convergence. This explains the sustained stabilization of the EMS following the 1992–1993 speculative crisis. The German economy for the first time in the post-war period registered trade deficits for a prolonged period of time (from 1991 to 2001), whereas the French current account was continually in surplus between 1993 and 2004 (Ameco data). The third stage of the EMS (1993–1999) was the only period during which French inflation was, on average, lower than German inflation (INSEE and Destatis data). The Deutsche Mark was even overvalued when the exchange rates between national currencies and the euro were irrevocably fixed in 1998.

However, this period proved to be just a long deviation in post-war European macroeconomic history. The reunification shock also operated at the level of the labour market where it exercised a strong downward pull on wages in Germany. As early as in the last years of the Helmut Kohl government, a competitive disinflation policy was implemented in Germany (Bibow, 2013). Its tools were the

decentralization of wage bargaining and the threat of off-shoring to Eastern Europe entire links of the value chains operated by German firms (Dustmann *et al.*, 2014). The Hartz IV package of labour market reforms implemented by the government of Gerhard Schröder in 2004 further deepened this policy.

The result has been the return to the traditional structure of macroeconomic imbalances within the Eurozone: German surpluses mirrored in deficits in formerly weak-currency member states. Because of the deepening of integration, however, German surpluses are now qualitatively higher than in the past. During the national champions period, these surpluses revolved around the 2 per cent of German GDP threshold. With the Europeanization of former national champions, they reached a qualitatively higher level, around the 4 per cent threshold at the end of the 1980s. Shortly before the Eurozone crisis, this ratio hovered above 6 per cent. Historian Harold James notes: ‘at each stage, the extent of the imbalance [ ... ] increased, mostly because international capital markets were deeper and thus allowed bigger imbalances to be financed for longer periods’ (James, 2012, p. 11). Indeed, the 1990s saw the Europeanization of former national financial champion firms. This led to the Financial Services Action Programme (Macartney, 2011; Mügge, 2010), the functional equivalent of the EU 1992 programme for financial services, and to a slow erosion of the links between banking corporations and their home states, which according to a recent account explains these corporations’ support for banking union (Epstein & Rhodes, 2014). This situation appeared to substantiate the notion that in a monetary union macroeconomic imbalances no longer matter (Marsh, 2011, pp. 240–241).

This led investors and banking corporations but also officials to fail to price in the potential sovereign credit risk associated with persistent and deepening imbalances. This resulted in the gradual elimination, following the irreversible pledge to the single currency made by leaders at the December 1995 European Council meeting in Madrid, of risk premiums on the public debt securities of member states (whereas in the past German Treasury *bunds* always had the lowest yields among member states’ debt securities). This development illustrates that executives of European financial corporations came to believe that with the euro eliminating currency risk, any public debt security issued in the Eurozone was as risk-free as a German *bund*. Josef Ackermann, Deutsche Bank CEO 2002–2012, has indeed admitted that ‘everybody felt [these were] risk-free assets’ (Atlantic Council, 2012).<sup>3</sup> A similar admission was made by Klaus Regling, currently the European Stability Mechanism’s executive director, and director-general for economic and financial affairs at the European Commission from 2001–2008.<sup>4</sup> Accordingly, the Commission failed to monitor intra-Eurozone macroeconomic imbalances and even went as far as providing regulatory endorsement to the notion that all member states’ securities were equally creditworthy and risk-free, when in 2003, following the recommendations made by the Giovannini group, it authorized banks to interchangeably use any such security as collateral for interbank operations (Bouillaud & Fontan, 2015, pp. 20–21).

The outbreak of the Eurozone crisis shattered this belief. The 2008–2009 recession, through the explosion of credit-bubbles in the deficit countries and the operation of automatic stabilizers, resulted in soaring public indebtedness in those same member states. This, in turn, led to capital flight from deficit to surplus member states. Consequently, risk premiums for deficit member states went through the roof. The key insight for understanding why this happened and for interpreting the preferences of European corporations in relation to the crisis is the fact that the institutional imbalance that structures the way the Eurozone functions transformed currency risk into sovereign credit risk.

It is useful here to note the parallels between the present situation and that which prevailed during the two initial stages of the EMS (1978–1993). In the EMS, weak-currency member states and the corporations domiciled there were dependent on the solidarity of the monetary authorities of the member state with the most abundant official reserves and whose currency enjoyed the highest credibility in currency markets in order to be protected against currency risk. It sufficed that the Bundesbank spend its own Deutsche Marks to buy weak currencies to support their market value. In the monetary union, deficit member states depended on the solidarity of the fiscal authority (the Treasury) of the member state enjoying the greatest credibility on public debt markets for protection against credit risk. In a word, Germany could ‘lend’ its credibility to deficit member states by backstopping their fiscal liabilities. This fiscal solidarity can be more or less extensive. The five cases of institutionalization of this solidarity implemented or debated publicly during the crisis have been, in ascending order of liability pooling, the following: bilateral loans (the first rescue package for Greece); a temporary fund endowed with limited borrowing capacity and fiscal resources in the shape of guarantees by member states (the EFSF set up in 2010); a permanent fund endowed with borrowing capacity and fiscal resources in the shape of paid-up capital (the ESM that subsumed the European Financial Stability Fund [EFSF] in 2012); *a priori* mutualization of member states’ fiscal liability through a common public debt instrument (Eurobonds); a Eurozone Treasury headed by a finance minister enjoying full fiscal powers (to tax, spend and borrow). This is the order in which European leaders have implemented their crisis-management policy. At each speculative turning-point, the extent of fiscal liability pooling increased, stopping short of Eurobonds and a federal treasury for the moment.

Centralization of fiscal policies also concerns the revenue and spending dimensions of fiscal policy. For surplus member states, the centralization of control over those dimensions has been the counterparty to fiscal liability pooling, much as, during the EMS, the general tightening of macroeconomic policy in deficit member states had to go hand in hand with monetary solidarity and the pooling of official reserves. The extent of centralization of control on these dimensions of fiscal policy can also vary: from *ad hoc* centralization in the framework of bail-outs to that entailed in the setting up of a centralized Eurozone budget.



How are the preferences of the European corporate elite reflected in the crisis-management policy implemented since 2010? To begin with, the outbreak of the Eurozone crisis did not call into question European corporations' massive support for the single currency. This is amply demonstrated by the positions taken by key employers' organizations, public initiatives by CEOs of key corporations and by polls of corporate executive opinion. The ERT, for example, despite comprising CEOs of firms domiciled in non-Eurozone member states, publicly took a stance in favour of the institutional strengthening of the monetary union. In a press release dated 12 October 2011, at a time when the speculative crisis was at its peak, the ERT called for emergency measures to combat uncertainty (meaning measures to reduce credit risk on the public debt securities of deficit countries) as well as a reform of the institutional architecture of the Eurozone (ERT, 2011). Much more important perhaps was the public statement issued on 20 June 2011 by 50 Franco-German CEOs of leading corporations (mostly industrial), in which they argued that the euro was a success for, thanks to the euro, 'a common market endowed with a single currency and without exchange rate fluctuations has materialized, thus creating prosperity and wealth for all of us' (Cercle de l'Industrie, 2011). This is the exact same argument put forward by corporate elites in the past in the context of campaigning for monetary union. In September 2012, a press release issued by the peak employers' organizations of Germany, France, Italy and Spain stated their 'confidence in Europe and the euro' (MEDEF, 2012). Finally, this observation can also be made at a broader scale of corporate executive opinion. Grant Thornton, the consultancy firm, has published since 2012 an annual survey on 'The Future of Europe' based on interviews with some 3,000 European corporate executives. In 2013 and 2014, respectively, 94 per cent and 93 per cent of the 1,350 executives of Eurozone-domiciled corporations favoured the preservation of the euro; and 78 per cent and 75 per cent stated that Eurozone membership had been beneficial for their home countries (Grant Thornton, 2013, 2014). In other words, the reasons for which European corporations campaigned in favour of monetary union in the past are still valid and have meant that the starting-point for European corporate elites has been the wish to preserve the Eurozone. This has led them to adopt the position that logically follows from this premise, i.e. that the Eurozone needs to be beefed up institutionally by deepening integration.

Second, the general contours of the crisis-management policy (limited fiscal liability pooling in exchange for the temporary supervision of the revenue and spending policies of bailed-out member states), as well as more broadly the functional logic of this policy that entails a greater degree of centralization of fiscal policies, have received corporate support. The 50 Franco-German CEOs, for example, considered that the member states targeted by speculation on the bond markets

must be assisted in order to regain their financial independence [....] In exchange for this assistance, efficient measures must be introduced. The

return to a stable financial situation will cost billions of euros, but the European Union and our common currency are worth it. (Cercle de l'Industrie, 2011)

In their common statement in September 2012, the four peak organizations expressed their support for the choices made during the first two crisis years and claimed that the chosen policy was beginning to bear fruit. Furthermore, they called on 'European political leaders [to] launch a deepened and determined process with the aim of bridging the gaps in the architecture of the economic and monetary union'. Finally, they restated their 'commitment to work to reinforce the governance of the Eurozone and [called on] governments to propose initiatives with a view to a greater economic and political integration of the European Union' (MEDEF, 2012). Both in 2013 and 2014, the opinion polls conducted by Grant Thornton showed that 89 per cent of Eurozone corporate executives supported a greater degree of European integration.

The position of corporate executives was opposed to that generally held by small and medium firms but also key sections of the German state bureaucracy. This split was particularly clear in Germany (*The Economist*, 2011) where a 'moral hazard' coalition made up of such firms, fiscally conservative taxpayers (one of the traditional constituencies of the CDU party) and Bundesbank and finance ministry officials, has aimed to limit as much as possible the fiscal solidarity extended by the German government to other member states. The association of family businesses (*Die Familienunternehmen*), for example, has strongly disagreed with the BDI (the peak organization of German employers dominated by big industry) on all the issues relating to the management of the Eurozone crisis (Schuseil, 2012). Thus, *Die Familienunternehmen* opposed any kind of assistance to Greece even if such a stance entailed a Greek exit from the Eurozone, the EMS and the Outright Monetary Transactions (OMT) programme launched by the ECB in September 2012. Finally, the association has categorically rejected Eurobonds, whereas the BDI has envisaged their introduction but only as the final outcome of a long process of fiscal integration, especially regarding the compliance with the strict rules embodied in the fiscal compact for example (also the German government's position; see Kornelius, Barber & Wielinsky, 2012). *Die Familienunternehmen's* general stance has been that 'Europe does not need a centralized economic government but an economic system with clear regulatory principles (*Ordnungspolitik*)' (Schuseil, 2012), a position which is in line with the dominant ordoliberal thinking that prevails among German economists, Bundesbank and finance ministry officials.

This split has been reflected in the German government's attempt, during the initial stage of the Eurozone crisis, to incorporate into crisis-management policy various aspects deriving from the attitude embodied by the 'moral hazard' coalition. Crucially, this translated into a policy preference for forcing losses on investors, which basically amounted to not doing away with sovereign credit risk when precisely that was the very problem that needed to be dealt with from the corporate standpoint. Infamously, German Chancellor Angela Merkel and French President Nicolas Sarkozy agreed in Deauville in November

2010 that any future assistance to beleaguered Eurozone member states would involve private investors taking losses (Bastasin, 2012, chapter 16). This was a concession from the President to the Chancellor, made against the opinion of ECB president Jean-Claude Trichet and Sarkozy's own economic adviser Xavier Musca (Leparmentier, 2013, chapter 1), deputy CEO at Crédit Agricole since 2012, the third largest European bank by assets in 2014 (Relbanks, 2014). Another indication that the German government's initial instincts were at variance with corporate preferences was the way in which Josef Ackermann, Deutsche Bank's CEO until 2012 and in that capacity an influential albeit unofficial advisor to the Chancellor, opposed the politicians in Berlin over forcing losses on investors, cautioning them publicly that the 'very existence of the euro [...] would be jeopardized if investors lost confidence in other [than Greece] weak [Eurozone] economies' (Ewing & Alderman, 2011).

The Deauville decision was when the speculative crisis began to snowball – indeed, it could be argued that the whole sequence of speculative crisis in 2010–2012 was generated by that decision. Many very senior policy-makers – such as Herman van Rompuy, Jean-Claude Juncker and Emmanuel Macron (Leparmentier, 2013; Spiegel, 2014) – hold this view. The crisis peaked in autumn 2011, after European leaders decided to force losses on private investors in the framework of the second Greek bail-out. That was precisely when corporate executives' preferences were most at odds with the policy being pursued. On the basis of a survey of executives in major European industrial corporations, *The Economist* magazine commented in October 2011 that

Europe's industrial bosses oscillate between fear, anger and disbelief [...] Company bosses long to shout 'You're fired!' at any number of European politicians. They find it inconceivable that Greece [...] has been allowed to send the system spinning out of control. (*The Economist*, 2011)

The direction of policy then went into reverse, first through the Fiscal Compact in 2011 reversing the Deauville pledge (European Council, 2011, p. 6) and then through ECB president Mario Draghi's promise in August 2012 to 'do whatever it takes' to save the euro and the ECB's announcement of the OMT programme – a decision which has received implicit support from the German chancellor despite Bundesbank opposition (Briancón, 2015). Essentially, the German government relented, abandoning the idea of forcing losses on investors as part of the crisis-management policy.

However, as in the case of differentiated exposure to currency risk, European corporations were not all of one mind concerning the management of the Eurozone crisis. Their attitudes were in line with the split that can be observed at the level of member state governments. This time, it is the intensity of exposure to sovereign credit risk that determined corporate preferences in terms of macro-economic policy. Whereas in general the rise in risk premiums exposed all European corporations to sovereign credit risk (and therefore accounts for their unanimous support for the aims of the policy of fiscal liability pooling),

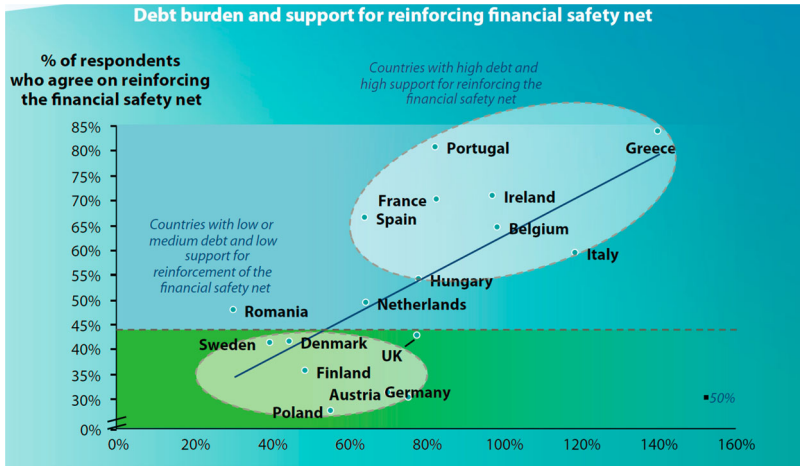
corporations domiciled in deficit member states, and therefore potentially more exposed to capital flight and an increase in the yields at which these states sell their debt securities, were even more exposed to credit risk. This was especially true for financial corporations as their asset portfolios tend to include proportionally more debt securities issued by the member states in which they are domiciled. This national bias in the composition of asset portfolios can be explained not only by the sociological relations linking together local financial and political elites but, more importantly, by the absence until 2014 of a Eurozone banking union – that is the lack of centralized supervision, resolution and fiscal liability in case of a banking crisis (hence the banking rescues organized in October 2008 were national affairs instead of pan-European). Accordingly, corporations domiciled in deficit member states were keener than their counterparts domiciled in surplus member states on more extensive forms of fiscal liability pooling.

A first indication of this is the varied attitude of MEDEF (the French employers' peak organization) and the BDI on the issue of Eurobonds. This issue was widely debated during the period 2011–2012, when speculation targeting the public debt securities of deficit member states was at its strongest and the institutional innovations aimed at setting up a system of limited fiscal liability sharing were agreed upon. MEDEF publicly supported Eurobonds (MEDEF, 2011), whereas the BDI was much more reserved in this regard, judging that such a financial instrument should only be introduced at the end of a long and difficult integration process (BDI, 2011). The Grant Thornton polls point in the same direction. In 2014, 85 per cent of Spanish, 78 per cent of Italian, 63 per cent of French but only 22 per cent of German corporate executives supported Eurobonds (for the Eurozone as a whole, support stood at 55 per cent). One final indication is provided by the correlation between the support displayed by corporate executives in a survey carried out by INSEAD regarding the strengthening of the financial safety net set up during the crisis (by raising the capital ceiling of the EFSF or the EMS) and the ratio of public debt to GDP of the member states in which the corporations under their management are domiciled (Figure 1).

A comment by *The Economist* in October 2011 sums up well the general picture that this examination of corporate preferences brings out:

Many executives in Germany and elsewhere are uncomfortable with the idea of Eurobonds which would entail the most creditworthy countries guaranteeing the debts of the weakest. And in general support for reinforcing Europe's safety nets among European businesspeople seems to be strongest in the countries that might have most to gain from such interventions [...] But a majority of Europe's businesspeople definitely wants politicians to do more to hold the euro zone together. (*The Economist*, 2011)

Indeed, over the following months, the crisis-management policy was significantly strengthened, as in December 2011 political leaders signed the fiscal



**Figure 1** The correlation between the exposure to credit risk and degree of support for the centralization of the fiscal liability of member states.

Sources: Booz & Co, European Executive Council and INSEAD (2011) and Eurostat.

pact, at the June 2012 European Council the decision to launch banking union was taken and in September 2012 the ECB announced its OMT programme.

## Conclusion

This paper has shown that there is a link between the setting up of the Eurozone and the management of its crisis and the rise of pan-European corporations. At first, this led corporations to campaign in favour of exchange rate stability because of increased exposure to the currency risk entailed by the multiplicity of national currencies. This campaign quickly raised the demand that currency risk should be eliminated by means of a single European currency, a means also to eliminate transaction costs accrued because of this multiplicity. However, corporate support for the single currency, though unanimous, was differentiated in its intensity. European corporations had differential exposure to currency risk according to whether they were domiciled in member states issuing a weak or strong currency. French and Italian corporations were much more enthusiastic about the single currency than their German counterparts. Finally, all European corporations gravitated towards a compromise involving support for the macroeconomic convergence of member states to the German benchmark. This led European corporate elites to support all those institutional mechanisms designed to guarantee this convergence, such as the independence of the ECB and the Maastricht convergence criteria. In practice, the single currency project has closely reflected corporate preferences.

The focus on currency risk meant that the issue of the financial robustness of EMU was neglected, despite German chancellor Helmut Kohl warning his

peers at Maastricht that monetary union should be accompanied by fiscal and political union (Garton Ash, 2013) and the 1994 proposal by the German CDU to move in that direction (Lamers & Schäuble, 1994). Weak corporate exposure to sovereign credit risk is one possible explanation why European elites dismissed the issue. Indeed, during the first decade of the existence of the Eurozone, European banking corporations increased their trans-border exposure to Eurozone public debt, and the risk premiums in relation to German public debt securities for those issued by the treasuries of the other Eurozone member states collapsed.

The return to the traditional structure of macroeconomic imbalances in Europe during the years preceding the crisis set the stage for the outbreak of the speculative crisis of 2010–2012. The single currency and the absence of fiscal liability pooling meant that these imbalances led to a sovereign credit crisis rather than an exchange crisis as used to be the case under the EMS. This is the key for interpreting European corporate preferences regarding the handling of the crisis. To the extent that all European corporations were exposed to sovereign credit risk, they all supported the principle of centralizing the fiscal liability of member states so as to reduce credit risk by allowing less creditworthy member states to benefit from the credibility that Germany enjoys on public debt markets. European corporate executives were, accordingly, opposed to the German government's policy of imposing losses on investors. European corporate elites also unanimously supported the policy of adjustment through internal devaluation in the deficit economies. However, their differential exposure to credit risk led them to support diverse institutional forms entailing a lesser or greater degree of fiscal liability centralization. Those most exposed to sovereign credit risk – mostly domiciled in deficit member states – supported more extensive forms of fiscal liability pooling such as Eurobonds, whereas their counterparts domiciled in surplus member states were less favourable.

In the longer term, this analysis suggests that European corporations will also be a key constituency in favour of permanent forms of fiscal union such as a Eurozone treasury and budget. This prospect has already received public support from both MEDEF and the BDI (MEDEF, 2014), and key political actors – the Commission and the ECB as well as the French and German governments – have all signalled their support for such an institutional innovation. French economy minister Emmanuel Macron has suggested that since this would entail Treaty change, progress on this front will not be achieved before 2017 as the French and German governments wish to postpone developments until after their respective general elections due in May and September of that year (Vinocur, 2015).

This paper has not explicitly addressed the question of how exactly policy-makers came to adopt solutions that were in line with corporate preferences, although it suggested that the market reaction to the Deauville decision was a major lever through which pressure was brought to bear on politicians. Others – such as Philippe Legrain, former Commission president

José-Manuel Barroso's chief economic adviser – have suggested that intense lobbying by French and German banks in 2010 swayed politicians, including the IMF's leadership, into rejecting the option of forcing losses on investors.<sup>5</sup> Another explanation has been provided by journalist Peter Spiegel on the basis of interviews with senior policy-makers in 2014. Spiegel reported that French civil servants were much more aware of corporate preferences because of the 'revolving doors' mechanism whereby financial elites alternate positions in the Treasury and as executives in major French financial corporations. German finance ministry officials, by contrast, are mostly career bureaucrats and therefore have been more influenced by taxpayer resistance to bailing out Eurozone member states and banks. That is, the extent to which corporate elites penetrate state bureaucracies is another transmission belt for corporate preferences. More research on these kinds of mechanisms and the role they have played in making the policy response to the Eurozone crisis congenial to corporate needs is therefore needed.

### Disclosure statement

No potential conflict of interest was reported by the author.

### Notes

- 1 The theory posits the impossibility of simultaneously pursuing the above-mentioned three policy objectives.
- 2 Apart from Cornelis van der Klugt, who succeeded Wisse Dekker, CEO in 1983.
- 3 In the same public appearance, Ackermann also admitted that because 'the first 10 years were so successful we forgot a little bit to really push for the next steps, namely [...] some sort of fiscal union'.
- 4 From 13:30 onwards at [http://piie.com/events/event\\_detail.cfm?EventID=383](http://piie.com/events/event_detail.cfm?EventID=383) (accessed 14 October 2015).
- 5 See interview with Harald Schumann, available at: <https://www.youtube.com/watch?v=kbZxS6uHFXc> (accessed 31 January 2016).

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