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Competition versus Planning: A Battle that Shaped European Integration (1945-2022)

Laurent Warlouzet

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In his book *Governing Europe in a Globalizing World. Neoliberalism and Its Alternatives following the 1973 Oil Crisis* (Routledge, 2018), he interpreted the history of European integration and of European capitalism as a contest between social-oriented, neomercantilist, market-oriented and neoliberal projects. He extended the same approach to the whole history of European integration from 1945 to 2022 in his book *Europe contre Europe. Entre liberté, solidarité et puissance* (Cnrs éditions, 2022).

He has also published a textbook on the history of the European Union entitled *Reinventing Europe. The history of European integration since 1945* (eds with Brigitte Leucht and Katja Seidel, London, Bloomsbury, 2023).

The European Union (EU) and its forerunner have been economically organized around a market-oriented philosophy, which has been fed by a constant debate between two opposite poles: indicative planning and competition. As such, this article will revisit the history of internal European economic policies, notably in the monetary, industrial and competition realms, by demonstrating that European institutions have usually carried on thanks to successive compromises between planning and competition and that, despite the latter's rise since the 1990s, the contest is not yet over, especially since the advent of the Covid-19 pandemic.

More generally, the debate between planning and competition echoes the long-term controversy between the promoters of free-trade, and those who are willing to bend free-market rules. The unity of both of these groups should not be overestimated: the first camp consists on the onehand of neomercantilists, who favor industrial development, and on the other hand of promoters of socially-oriented policies, who focus on the most vulnerable; the second group is composed of classical liberals but also of neoliberals¹. The latter are those who consider competition to be the overarching principle around which society is organized, and thus who aim to reduce welfare state provisions.

More precisely, **planning** has been an influential economic philosophy in Europe since the 1930s. By contrast with the Soviet model of imperative planning, the West implemented a liberal version, usually called "indicative planning"². It translated into the coordination of economic actors by the state authorities (usually after a process of extensive consultation)

¹ L. Warlouzet, *Governing Europe in a Globalizing World: Neoliberalism and its Alternatives following the 1973 Oil Crisis* (London, Routledge, 2018); L. Warlouzet, *Europe contre Europe. Entre liberté, solidarité et puissance* (Paris, Cnrs éditions, 2022).

² M. Christian, S. Kott, O. Matějka (eds), *Planning in Cold War Europe: Competition, Cooperation, Circulations (1950s-1970s)* (Berlin, De Gruyter, 2018).

around soft and non-binding targets, and also in various tools of macro- and micro-economic policies designed to steer the economy, to channel free-market forces towards the best possible outcome for the society as a whole. Planning rests on the belief that the centralization of information by public authorities would allow them to maximise growth and other public interests goals, such as enhancing social care or reducing regional disparities, and therefore that public authorities must make explicit political choices. As a result, planning is often associated with ambitious macro-economic, industrial, social and regional policies that rest on the principle of positive discrimination: public authorities play an important role in choosing who will benefit from certain economic advantages, such as cheap credit, state aid, or tax breaks. Planning has been a major economic reference in Western Europe from the 1940s to the 1970s³, and has remained influential after this period under a different guise, such as various attempts at international macro-economic coordination or at European regional and industrial policy.

By contrast, promoters of **competition** believe that market mechanisms are the best way to maximise collective well-being. Since pure and perfect competition never exists in reality, public authorities have an important role to play to ensure that the stronger actors are not bending free-market rules by imposing excessively high prices⁴. These public authorities must strive to be impartial adopt the neutral role of umpire. As a result, not only does an economic policy based on the principle of competition shy away from the discriminating public measures mentioned earlier on -cheap credit, state aid and tax breaks- but it should also target private practices detrimental to the free setting of prices -such as cartels, mergers leading to oligopolies and monopolies, and the abuse of dominant position. Private firms have been targeted by US antitrust policy, and then in Western Europe after 1945 under the name of “competition policy”. The EU and its forerunner represent an interesting case as EEC/EU competition policy has targeted both private and public firms, as well as public market regulations, a unique situation in the world. It has managed to push the expansion of free-market rules for many areas that were not concerned by such rules in the past. Moreover, the European and Monetary Union (EMU) defined in the 1992 Maastricht Treaty is usually associated with a rule-based order predicated upon free-market rules, rather than on a state-led steering of the economy.

The **literature** has not tackled this question directly, bar one article issued in 2019 that covered a shorter time-frame, and with a stronger focus on German ordoliberalism and on French Colbertism⁵. On the whole, the history of EU internal economic policies is dominated by the history of monetary integration, which has led to extensive coverage in the political science and historical literature, with a heavy emphasis on the 1970s and 1980s⁶; the history of non-

³ A. Shonfield, *Modern Capitalism. The changing Balance of Public and Private Power* (Oxford, Oxford UP, 1965), p. 121.

⁴ D. Gerber, *Law and competition in XXth Century Europe. Protecting Prometheus* (Oxford, Clarendon Press, Oxford, 1998).

⁵ L. Warloutet, ‘The EEC/EU as an Evolving Compromise between French Dirigism and German Ordoliberalism (1957–1995)’, *Journal of Common Market Studies*, 57 (2019), 77-93.

⁶ For archival-based contributions, see: H. James, *Making the Monetary Union. Making the European monetary union : the role of the Committee of Central Bank Governors and the origins of the European Central Bank* (Cambridge Mass., Harvard UP, 2012); K. Dyson and I. Maes (eds), *Architects of the Euro. Intellectuals in the Making of European Monetary Union* (Oxford, Oxford UP, 2016) ; C. Krauss, *La politique monétaire de la Deutsche Bundesbank et de la Banque de France entre la fin du système de Bretton Woods et le début de l'ordre monétaire européen dans les années 1970*, PhD, Sorbonne Université and Ludwig-Maximilians-Universität Munich, 2019 (to be published in 2020); W. Loth, ‘Negotiating the Maastricht Treaty’, *Journal of European Integration History* (2013), 67-84; E. Murlon-Druol, *A Europe made of Money. The Emergence of the European Monetary System* (Ithaca, Cornell University Press, 2012) ; in political science, see, among others: K. Dyson and K. Featherstone, *The road to Maastricht : negotiating economic and monetary union* (Oxford, Oxford UP, 1999); P. Ludlow, *The making of the European Monetary System* (London, Butterworth Scientific, 1982); K. R.

monetary economic policies, however, has been considerably more limited. The literature of the history of EU competition policy is thriving but is not particularly concerned with planning⁷. The various explicit projects of European planning represent a hitherto neglected topic, bar a few exceptions⁸.

A first short section will examine the institutional foundation of the EEC/EU between 1948 and 1957, by showing that the Treaty of Rome was quite flexible. The next two sections will delve into the two rival interpretations of the Treaty devised in the 1960s - but not fully implemented; the one based on competition and the other on planning. The following section will then shift to the 1970s, when a last attempt at comprehensive European planning was launched - but eventually materialized only with by failed attempt at macro-economic coordination dubbed the “locomotive”. At this point, the section on the 1980s and 1990s will then zero in on the rise of competition policy, while a concluding section will highlight that remnants of planning ideology still characterize current EU policies.

The Treaties' uncertainties

The first European institutions active in the economic field were created between 1948 and 1957 and were all based on a compromise between planning and competition that reflected the prevailing mood in Western Europe in those days. On the one hand, the impetus of reconstruction, the shortages of basic materials (food rationing was generally in force until the late 1940s at least) and prevalent protectionism empowered the state. Even the Americans envisaged the Marshall Plan as an effort to coordinate the reconstruction efforts of European countries, even though its actual implementation eventually gave more leeway to national governments⁹. Beyond this short-term necessity, the need to give a stronger role to public authorities in steering the economy was also predicated on long-term trends, such as the discredit of *Laissez-faire* liberalism, associated with the worsening of the 1929 crisis, and the necessity of rebuilding the nation-state covering a larger social basis with an inclusive Welfare State. Hence, the state role in the economy grew in many countries compared to the prewar period (or the pre-fascist era), with nationalisation, extensive welfare state reforms, and regional policy. Planning, an idea associated with the 1930s debate concerning the reforms necessary to tackle the Great Depression (especially in 1930s Belgium)¹⁰, was not implemented, except in

McNamara, *The Currency of Ideas. Monetary Policy in the European Union* (Ithaca, Cornell University Press, 1999); A. Verdun, ‘Why EMU happened? A survey of theoretical explanations’, in P. Crowley (ed), *Before and Beyond EMU. Historical lessons and future prospects* (London, Routledge, 2002), pp. 71-98.

⁷ Notable authors on the history of EEC/EU competition policy include Pinar Akman, Hubert Buch-Hansen, Tim Büthe, Michelle Cini, David Gerber, Brigitte Leucht, Lee McGowan, Kiran Klaus Patel, Sigfrido Ramirez-Perez, Heike Schweitzer, Katja Seidel and Angela Wigger.

⁸ L. Warloutzet, *Le choix de la CEE par la France. L'Europe économique en débat de Mendès France à De Gaulle (1955-1969)* (Paris, Cheff, 2011) ; K. Seidel, ‘Robert Marjolin: securing the common market through economic and monetary union’, in K. Dyson and I. Maes (eds), *Architects of the Euro: intellectuals as policy makers* (Oxford, Oxford University Press), 51-73; H. Canihac, ‘Un marché sans économistes ? La planification et l'impossible émergence d'une science économique européenne (1957-1967)’, *Revue française de science politique*, 69 (2019), 95-116.

⁹ A. S. Milward, *The Reconstruction of Western Europe, 1945-1951* (London, Routledge, 1984).

¹⁰ T. Milani, 'The Planist Temptation: Belgian Social Democracy and the State During the Great Depression, c. 1929–c. 1936', in M. Fulla, M. Lazar (eds), *European Socialists and the State in the Twentieth and Twenty-First Centuries* (Basingstoke: Palgrave Macmillan, 2020), 77-96.

France¹¹. Building on a longstanding dirigist tradition, Paris established a planning agency in 1946. The *Commissariat général au Plan* elaborated non-binding targets for the French economy, after a process of consultation, and channelled the sparse funds available (notably Marshall Plan aids) to high-priority sectors.

The other lesson of the 1930s was the necessity to shy away from protectionism, and hence to promote liberal internationalism, both from the political and the economic points of view. The majority of western elites and people supported an American-led reconstruction predicated upon the restoration of international free-trade, to be combined with an inclusive national welfare state, a compromise latter dubbed "embedded liberalism" or "Keynes at home and Smith abroad"¹². Only in Germany, was the keynesian influence more limited as liberalism came back to the fore with a local variant, ordoliberalism, which was not hegemonic but still influential¹³. Active state policy aimed at steering the economy bore the stigma of the nation-socialist past, which had combined totalitarianism, capitalism and economic dirigism¹⁴. Instead, ordoliberals assigned a limited but crucial role to the state: enabling free-market forces to go unimpeded. They considered that the public authorities should not meddle with free-market dynamics through discriminatory policies, but should instead remain as neutral as possible. While other influences were visible in post-1945 Germany (notably corporatism, social-democracy and social-christian thought, visible notably in codetermination), ordoliberalism certainly influenced economic leaders such as Ludwig Erhard to some extent¹⁵, through the establishment of independent authorities which were given extensive powers and a wide autonomy from the national government, such as the central bank (the Bundesbank, 1957) and the competition authority (the Bundeskartellamt, 1957). Both of those reforms were quite specific to Germany. In the rest of Western Europe, a stronger role for the state in steering the economy was generally considered as a given in the 1940s and 1950s, in combination with the restoration of free-market rules. In Eastern Europe, the Soviet Union imposed centralized planning.

The first two European institutions, the Organisation for European Economic Co-Operation (OEEC) set up in 1948, and the European Coal and Steel Community (ECSC) born in 1952 were both quite ambitious with regard to planning, while being at the same time predicated upon the promotion of international free-trade. In the minds of its US promoters, the OEEC was meant to serve as a coordinating body for national plans. However, it ended up being just an intergovernmental club, which let nation-states rebuild their countries as they saw fit, provided that they abide by the common rules promoting a progressive restoration of intra-

¹¹ R. Kuisel, *Capitalism and the state in modern France : renovation and economic management in the twentieth century* (Cambridge, Cambridge UP, 1983); P. Nord, *France's New Deal : from the thirties to the postwar era* (Princeton, Princeton UP, 2010).

¹² J.G. Ruggie, 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order', *International Organization*, 36 (1982), 379-415.

¹³ W. Abelshäuser, *Deutsche Wirtschaftsgeschichte seit 1945* (München, Verlag C.H. Beck, 2004); M. Spoerer, J. Streb, *Neue deutsche Wirtschaftsgeschichte des 20. Jahrhunderts* (Munich, Oldenbourg, 2013); J. Hien and C. Joerges, *Dead man walking: Current European interest in the ordoliberal tradition* (Florence, EUI Working Paper, Law 2018/03, 2018).

¹⁴ D. Gerber, *Law and competition in XXth Century Europe. Protecting Prometheus* (Oxford, Clarendon Press, Oxford, 1998).

¹⁵ M. Segers, 'Eclipsing Atlantis: Trans-Atlantic Multilateralism in Trade and Monetary Affairs as a Pre-History to the Genesis of Social Market Europe (1942–1950)', *Journal of Common Market Studies*, 57 (2019), 60-76; V. Hentschel, *Ludwig Erhard, die « soziale Marktwirtschaft » und das Wirtschaftswunder : historisches Lehrstück oder Mythos ?* (Bonn, Bouvier Verlag, 1998).

European trade¹⁶. The idea of coordinating the national policies of reconstruction, in particular in the most important sectors for transnational trade such as steelmaking, was aired by major European politicians during the conference of Westminster, held in 1949 by the European movement. The ECSC, set up in 1952, followed this approach: it brought together six countries in a tight-knit community, which was for the first time semi-supranational. Major powers were devolved to the ECSC authorities, notably to its supranational body, the High Authority, in terms of industrial policy. Tellingly, the first head of the High Authority was Jean Monnet, the first head of the French planning agency. US and French promoters of the ECSC were willing to use the Community to prevent any recartellization of the German industry, and any domination of the latter over the European economy, so they entrusted the High Authority with considerable power to control, and even monitor, prices, investments, mergers, etc. In parallel, a common market for coal and steel based on free competition had to be set up. Here again, however, the High Authority did not live up to expectations. Its record in terms of competition and industrial policy was uninspiring¹⁷.

The reverse was true for the 1957 Treaty of Rome that created the European Economic Community (EEC), which went farther than expected, without choosing explicitly between competition and planning. As a framework, the Treaty of Rome was flexible enough to accommodate many different economic approaches¹⁸. Article 2 and 3 EEC stating its aims include market-oriented, social and neomercantilist aims. The EEC was predicated upon a market-oriented dynamic as its main objective was the establishment of 'The Common Market'. National planning was not affected by the macro-economic clauses of the Treaties, which were limited. Hence, the national credit policies, which were sometimes very discriminatory (notably in France¹⁹) could go on unimpeded. An EEC-wide competition policy was established by the Treaty of Rome but its content remained vague, as its provisions resulted from an unambitious Franco-German compromise, both governments prioritizing their national competition policy over the European ones. Provisions on state aid, which could affect industrial and regional policy, were ambiguous. Article 222 EEC explicitly protected nationalized companies. Therefore, the debate over the interpretation of the Treaty of Rome remained open.

The failed competition offensive in the 1960s

The EEC economic policies logically unfolded following a dominant market-oriented approach in the 1960s: internal trade barriers were progressively lifted and disappeared in 1968, while external trade barriers were periodically diminished after international negotiations, conducted by EEC institutions (the Commission and the Council). Most of the national credit, industrial, regional and social policies were left untouched. The only exception was the common agricultural policy (CAP), which followed a neomercantilist approach: internal production was protected by high tariff barriers and supported by huge subsidies. But there was no element of

¹⁶ A. S. Milward, *The Reconstruction of Western Europe, 1945-1951* (London, Routledge, 1984).

¹⁷ T. Witschke and L. Warloutzet, 'The difficult path to an economic rule of law: European competition policy, 1950-1991', *Contemporary European History*, 21 (2012), 437-455.

¹⁸ A. S. Milward, *The European Rescue of the Nation-State*, London, Routledge, 1992; A. Moravcsik, *The Choice for Europe. Social Purpose and State Power from Messina to Maastricht* (Ithaca, Cornell UP, 1998).

¹⁹ E. Monnet, *Controlling Credit. Central Banking and the Planned Economy in Postwar France, 1948-1973* (Cambridge, Cambridge UP, 2019).

planning in the CAP because its main lever was prices. Hence, any action on the sector's industrial and social structure was indirect²⁰.

Some European actors wanted to go further by promoting competition as the overarching principle of European economic policies. German christian-democrat actors influenced to some extent by ordoliberalism were especially active, notably Hans von der Groeben, the first commissioner for competition. A shrewd European politician and a staunch supporter of European integration, von der Groeben had taken part in the negotiations of the Rome Treaty and had managed to overcome both internal German reluctance of the EEC, notably coming from Erhard, and the vast discrepancies among the Six's positions²¹. As a commissioner for competition, von der Groeben secured another success, with an ambitious regulation of cartels, adopted in 1962 and known as regulation 17/62. It interpreted the Rome Treaty by giving extensive powers to the Commission, which thereby received a monopoly on information, via the notification procedure, and on decisions to authorize a cartel. A committee of Member State experts was set up but it was merely consultative.

The literature on Regulation 17/62 fails to highlight two facts, first that many alternatives had been seriously discussed, and as a consequence von der Groeben thus secured a significant success, including against his German compatriots, and second that this provision on cartels was only a first step in a larger offensive to promote the competition principle²². In Bonn, initially, the German Ministry of Economics did not want to develop a supranational EEC competition policy. Its leading priority was to preserve the capability of the newly-founded Bundeskartellamt. It chose to support von der Groeben's vision only in order to escape a decidedly worse scenario in which French officials would impose their own vision, based on the promotion of non-competition criteria such as industrial, social and regional considerations. In other words, competition policy would have been submitted to an approach more inspired by planning. In the end, however, the Regulation 17/62 created a policy focused on cartels, based exclusively on the competition criteria, and implemented almost exclusively by the European Commission (bar the judicial control of the Court). Even after the regulation was passed, German officials were sometimes critical of von der Groeben's policy. For example, they opposed its initial decision to ban a cartel, the Grundig–Consten case, which concerned a distribution agreement between a German producer (Grundig) and a French distributor (Consten)²³. The German government was against the ban because exclusive dealing agreements were a useful tool to penetrate foreign markets (and thus increase competition within the Common market) for it. The German government later decided to support Grundig's appeal of the decision before the European Court of Justice. The German officials in the Ministry of Economics took this decision after consulting with the advocate-general of the European Court of Justice, Karl Roemer. In the end, the Court merely annulled part of the Grundig–Consten decision and broadly supported the Commission. Therefore, the European competition offensive was not German, in the sense that it did not originate in the German government in Bonn, even if it was carried out by some officials of German nationality. As a

²⁰ K. K. Patel (ed.), *Fertile Ground for Europe? The History of European Integration and the Common Agricultural Policy since 1945*, Baden-Baden, Nomos Verlag, 2009; K. Seidel, 'Adjusting a flagship policy: the common agricultural policy in the 1970s and 1980s', in E. Bussière, V. Dujardin, M. Dumoulin *et al.* (eds), *Histoire de la Commission européenne, 1973-86* (Brussels, European Commission, 2014), pp. 313-328.

²¹ B. Löffler, *Soziale Marktwirtschaft und administrative Praxis* (Stuttgart, Franz Steiner, 2002), p. 548; on von der Groeben and ordoliberalism, see also: S. Hambloch, 'EEC Competition Policy in the Early Phase of European Integration', *Journal of European Integration History* 17 (2011), 238-9.

²² Warloutzet, *Governing Europe*, pp. 157-9.

²³ On this German episode, based on German archives, see: Warloutzet, *Governing Europe*, p. 158.

matter of fact, the Director General for Competition, who dutifully implemented von der Groeben's agenda, was the Dutch lawyer Pieter Verloren van Themaat.

Besides, the cartel regulation was only a first step in a broader agenda to promote the competition principle. In 1962, von der Groeben hired Ernst-Joachim Mestmäcker, a disciple of Böhm, who was linked to the ordoliberals²⁴. Mestmäcker, an important figure among the neoliberal “globalists” examined by Quinn Slobodian²⁵, was assigned the ambitious task of examining the most detrimental state intervention in the economy from the competition point of view. Many French practices, in particular certain public regulation of the oil sector, were examined in work conducted in 1963 and in 1964²⁶. Then, in a speech delivered in June 1965, von der Groeben asserted that the entire EEC ‘economic policy’ had to be driven by competition policy norms, and therefore that many public interventions in the economy (including monopolies granted to state-owned companies) that could infringe on intra-European trade had to be kept to a minimum²⁷. To some extent, this agenda anticipates the neoliberal streak of the late 1980s.

In the end, this quest led nowhere as the European competition commissioners were too weak to promote this task. In the 1960s, the Directorate general for competition was paralysed by the flow of notifications of cartels it received once Regulation 17/62 was in force. It struggled to implement it effectively and took only a few decisions on cartels, triggering much criticism from the member-states for its inefficiencies. In the 1970s, the competition policy commissioners tried to enlarge their competences to new areas, such as mergers and state aid control but to no avail as they faced a stern opposition from neomercantilist actors both within the Commission and in the Council of ministers²⁸. At the same time, a rival European project based on planning was devised in Brussels.

The project of French-inspired European planning

In the 1960s, planning ideas became fashionable in Western Europe, in the context of a growing circulation of economic ideas between the East and the West²⁹. The apparent economic success of the Soviet Union, which had been the first country to ever launch a satellite into space with Sputnik in 1957, seemed to bolster the case for state intervention in the economy. With the continuous enlargement of the welfare state in many Western countries, including in the virulently capitalist US with Medicare and Medicaid in 1965, and the rising technological challenge that only large-scale institutions seemed able to master, the role of the State in the economy seemed bound to increase. Intellectual speculation over convergence between the East and the West’s economic policies abounded.

²⁴ K. Seidel, *The Process of Politics in Europe: The Rise of European Elites and Supranational Institutions* (London, I.B. Tauris, 2010), 135-9.

²⁵ Q. Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge MA, Harvard University Press, 2018) pp. 204, 214 and 250.

²⁶ EU archives, Commission, BAC 31/1984/769, note Mestmäcker, 22 October 1963; notes on meetings with Mestmäcker, 13 December 1963 and 5 March 1964.

²⁷ French archives, Foreign Affairs ministry, RPUE 615, note on Von der Groeben's discourse, 16 June 1965.

²⁸ Warloutzet, *Governing Europe*, p. 158-9 and 166-8.

²⁹ Christian, Kott and Matějka (eds), *Planning in Cold War Europe*; J. Bockman, *Markets in the Name of Socialism. The Left-Wing Origins of Neoliberalism* (Stanford, Stanford UP, 2011).

In France, indicative planning bounced back in the 1960s under President Charles de Gaulle. The first plan launched in 1946 was rather dirigist as it sought to allocate limited resources to a small number of sectors that were deemed to be essential to the reconstruction of the country. In the 1960s, the French economy was embracing mass consumption and opening to international competition. Planning thus morphed into a voluntary coordination of all actors in economic and social policies, in particular state actors, but also non-state ones such as trade-unions and business. The aim was not to set targets in stone, but rather to create a shared consensus on priorities. As Pierre Massé, the head of the French planning agency from 1959 to 1966 explained: “devising a plan counts more than having the plan”.³⁰ What was important was the process of consultation and of voluntary coordination among all actors under the state’s steering, and not the final document. Free-market forces were not rejected. On the contrary, the main overall objective of the Fifth Plan was to improve international competitiveness. This was made explicit by De Gaulle himself.³¹ In the end, France’s exceptionally high growth rate during the 1960s (higher than that of its neighbours) led Harvard experts to examine French planning.³²

French planning became a model for many thinkers, such as the British Andrew Shonfield, who noted that agencies similar to the French ones blossomed all over Europe in the early 1960s, notably in all EEC countries bar Germany³³. In the United Kingdom, a National Economic Development Council (NEDC) was established in 1962 but its staff, its ambitions and its powers were limited. In 1964, the Labour government created a National Board for Prices and Incomes with the TUC. In 1965, a Department of Economic Affairs was created, whose task was to devise a National Plan. In Italy, the intervention of the State in industry had steadily increased under the fascist rules, with the creation of the massive public industrial conglomerate *Istituto per la Ricostruzione Industriale* (IRI) in 1933. In 1950, the *Cassa per il Mezzogiorno* was created to tackle the South’s underdevelopment. From 1962 onwards and through the 1960s, the Italian state developed explicit indicative plans devised to industrialize and to modernize the infrastructures for the whole country, notably through IRI and the Cassa³⁴.

Even in the Federal Republic of Germany, the mood shifted perceptively. While the West German leaders remained deeply hostile to the notion of a general and comprehensive “planning”, which was associated with the reviled Soviet Union and Eastern Germany, the introduction of some planning methods was discussed by experts and civil servants in the 1960s.³⁵ The debate revolved around the improvement of statistics and the long-term planning of certain public policies. It did not relate to the orientation of private actors as in France. The perception of planning methods evolved more favourably in West Germany after the recession

³⁰ P. Massé, ‘Préface’, in J.H. Mc Arthur and B. R. Scott, *Industrial planning in France* (Paris, Les éditions d’organisation, 1970).

³¹ Letter from President C. de Gaulle to his Prime Minister G. Pompidou, 24 July 1965 ; C. de Gaulle, *Lettres, notes et Carnets, tome 10 : janvier 1964-juin 1966* (Paris, Plon, 1987), 181-2.

³² J.H. Mc Arthur and B. R. Scott, *Industrial planning in France* (Paris, Les éditions d’organisation, 1970).

³³ Shonfield, *Modern Capitalism*, p. 121.

³⁴ F. Lavista, ‘Structural Policies, regional Development and industrial specialization in Italy, 1952-2002’, in R. Ahrens, A. Eckert (eds), *Industrial Policy in Western Europe since the 1960s* (Berlin De Gruyter, 2017) 90-1; C. Grabas, ‘Industrial policy in Italy between boom and crisis, 1950-1975’, in C. Grabas, A. Nützenadel (eds), *Industrial Policies in Europe after 1945* (Basingstoke, PalgraveMacmillan, 2014), 150-1

³⁵ A. Nützenadel, ‘Die BRD, Frankreich und die Debatte über eine europäische Wirtschaftspolitik, 1958-65’, *Francia* 30 (2003), 84-6.

of 1966-67, which led to a short-lived Keynesian burst under Karl Schiller, but the adoption of the centralized and state-driven French model was still out of the question.³⁶

Drawing on this favourable context, the first European commissioner for economic affairs, the french socialist Robert Marjolin, launched a project of European planning in 1962. It was called “European programming” and then “middle-term economic policy” as the term planning was taboo in Germany.³⁷ The idea was to establish a voluntary coordination of all economic and social policies at the European level, first by consultations, and later by a spontaneous process of europeanization. The European commissioner developed very ambitious aims, close to those heralded in the Fourth French Plan, namely to prioritise collective investments over individual consumption, which was seen as symbolic of the excesses of mass consumer society. He was supported by a European networks of planners composed in particular of Belgian and Italian officials. In the end, Marjolin succeeded in creating the committee for mid-term policy in 1964 but it was only consultative.

In parallel, Marjolin was considering the development of tools to coordinate macro-economic policies³⁸. In 1959, the German deputy minister for Economy Alfred Müller-Armack had proposed to set up within the OEEC a “European board of conjuncture” aimed at coordinating short-term macroeconomic policies. His aim was to promote stability-oriented policies. Marjolin took up the proposal for the EEC and removed its competition-only focus. This led to the creation of the committee for short-term economic policies created in 1960, but it was merely a consultative body of national civil servants. Later, Marjolin combined forces with Jean Monnet and the Belgian economist Robert Triffin to advocate for more ambitious institutions, such as a European reserve fund or a compulsory coordination of monetary policies, but to no avail³⁹. In 1964, Marjolin obtained but two supplementary consultative committees gathering civil servants, the budgetary committee and the committee of central banks governors.

His planning offensive triggered a counter-offensive. The German economic Minister Ludwig Erhard attacked the Marjolin Programme at the European Parliament in November 1962.⁴⁰ Interestingly, the German President of the European Commission, the Christian-Democrat Walter Hallstein, intervened to defend his colleague’s project (which was endorsed by the entire team of commissioners). However, Hallstein did not use the same line of argument as Marjolin or the French planners. He deliberately included the “Marjolin Programme” in the free-market economy, in particular by quoting Walter Eucken, an economist considered as one of the fathers of ordoliberalism. Within the Commission, Hans von der Groeben was the most vocal critic of Marjolin’s projects during the internal meeting of the Commission⁴¹.

More generally, member-states disapproved of this project as it was too ambitious. In 1964, the German government finally accepted to create a committee on mid-term policy only because it

³⁶ A. Nützenadel, *Stunde der Ökonomen. Wissenschaft, Politik und Expertenkultur in der Bundesrepublik 1949-1974* (Göttingen, Vandenhoeck & Ruprecht, 2005), pp. 303-306.

³⁷ On this project, its devising and its implementation between 1960 and 1967, see: Warloutzet, *Le choix de la CEE*, pp. 339-56.

³⁸ The following development is based on Warloutzet, *Le choix de la CEE*, 357-369.

³⁹ D. Howarth and J. Schild, ‘France and European Macro-economic Policy Coordination: From the Treaty of Rome to the Euro Area Sovereign Debt Crisis’, *Modern & Contemporary France* 25 (2017), 171-190; Warloutzet, *Governing Europe*, pp. 147-9.

⁴⁰ On Erhard and Röpcke : Segers, ‘Eclipsing Atlantis’.

⁴¹ Warloutzet, *Le choix de la CEE*, pp. 374–376.

was consultative, and would be chaired by a German junior minister, Wolfram Langer.⁴² Langer was close to actors influenced by ordoliberal thinking.⁴³ The French government was very sceptical too. The French commissioner had devised his projects with the support of several European experts, but independently from the French government. It did not help that the French socialist and pro-European Marjolin had tense relations with the French President Charles de Gaulle.⁴⁴

European planning was thus stillborn but its intellectual impact remained large. For example, the European Trade Union Confederation (ETUC) organised a large conference on planning in February 1968.⁴⁵ The project bounced back a few years later.

From European Planning to the 'locomotive' attempt

In the late 1970s, the idea of planning made a comeback at the European level as a tool to fight the economic crisis which engulfed the continent after the 1973 Oil shock. Two attempts failed: a large-scale project of European planning, and a more targeted attempt at coordinating macro-economic policies.

In 1976, an influential and often cited document was released, the Maldague report, whose subtitle reads : « A New Framework for Planning and Negotiation ».⁴⁶ This new planning was embedded in the liberal democratic order as it was based on an extensive process of consultation. Each plan had to set targets by sectors and by regions not only from an economic point of view (in terms of outputs), but also from the social point of views. Free-markets rules were respected but it was envisioned that companies should notify their most important investments to the central authorities. Multinational companies had to be controlled to ensure that their activity did not contradict the states' priorities. Markets governed only by *laissez-faire* were considered as inefficient as the economic crisis of the 1970s demonstrated. It was believed that private investment left to its own devices generated waste and suboptimal outcomes.

The Maldague report was the outcome of a working group set up by the European Commission to study the problem of inflation. It was chaired by Robert Maldague, who came from the Belgian planning agency. The Group included three authors who later published *Capitalism for Development* in 1978, the French Jacques Delors, a moderate socialist, the Italian Franco Archibugi, an Italian professor and former ECSC civil-servant, and Stuart Holland, an influential intellectual who belonged to the left flank of Labour party.⁴⁷ Together, these three authors wrote the part of the report devoted to planning as it chimed well with their priorities in those days. A former head of the social department of the French planning agency in the 1960s, Delors was critical of the decline in French planning under the liberal President Giscard

⁴² Nützenadel, 'Die BRD', pp. 90-91.

⁴³ Bundesarchiv, Koblenz, B 102/134647, letter from W. Langer to A. Müller-Armack, 8 February 1961.

⁴⁴ Jean Monnet Foundation, Lausanne, private papers of Robert Marjolin, ARM 25/1, notes on two meetings with de Gaulle, on 18 December 1958 and on 7 February 1964.

⁴⁵ Archives of the ETUC, Amsterdam, 2063, Secrétariat syndical européen, *Les Expériences nationales et communautaire en matière de programmation économique*, conférence de Milan, janvier-février 1968.

⁴⁶ European Commission, *Report of the Study Group 'Problems of Inflation'*, 3 mars 1976.

⁴⁷ F. Archibugi, J. Delors, S. Holland, 'Planning for Development', in S. Holland (ed.), *Beyond Capitalist Planning* (Oxford, Basil Blackwell, 1978), pp. 184-202.

d'Estaing.⁴⁸ Holland was an influential labour intellectual, whose thinking on the EEC was widely commented by Whitehall in 1977.⁴⁹ He was more critical of the free-market drift of the Community than Delors, who insisted on the necessity to take into account “the international environment and competition” and that “Both public and private enterprises are possible means to playing a significant role in the world economy”.⁵⁰ Holland edited the book *Beyond Capitalist Planning in 1978*, in which he co-authored a chapter with Delors and Archibugi⁵¹. He insisted on the convergence of planning thinking within the EEC including in West Germany where the SPD Mannheim programme of 1975 mentioned some planning elements.⁵² Other members included Dirk Dolman, a labour member of the Dutch Parliament, and Heinz Markman, the head of Economic Department of the DGB. As a result, some kind of transnational networks of planning intellectuals emerged again in Europe.

Another report on European planning was written in 1977, by the Belgian expert Kervin de Lettenhove who had played a role in the transnational network which supported Marjolin's idea in the 1960s. The ETUC did not openly support the establishment of a European planning framework, but it defended solutions that were inspired by this approach, in particular the coordination of macro-economic policies towards common European targets. In 1976, it promoted the adoption of quantified targets on growth (5%), on inflation (4-5% by 1980) and on employment (the return to full employment by 1980).⁵³ A 1977 report entitled *Unemployment: Structural Problems and Policy Implications* went further as it requested a stringent coordination of investment to increase their economic and social efficiency: “the waste of scarce resources, and to situations in which private consumption, often of relatively unimportant and non-essential goods, is overstimulated by such factors as advertising at the expense of the production of more essential goods and services”⁵⁴. This theme of the incapacity of the free-market to guide investment in a satisfactory way was already present in Marjolin's project. In the 1960s, it meant putting an emphasis on collective social investment, such as hospitals and education infrastructure. In the 1970s, an environmental concern was added.

Western leaders were not immune to these reflections. Instead of implementing full-scale European planning, they nevertheless made progress in the coordination of their macro-economic policies. The classical reflex of postwar governments when confronted with an economic crisis was to launch a stimulus package, which would relaunch growth and alleviate the unemployment burden. However, most stimulus packages launched after the 1973 crisis ended in more inflation and more imports, but barely less unemployment⁵⁵. The only visible

⁴⁸ J. Delors, ‘The Decline of French Planning’, in Holland (ed.), *Beyond Capitalist Planning*, pp. 25-7.

⁴⁹ British National Archives, T 390/283, doc RE 961, January 1977, Stuart Holland; note from Labour Party, NEC/EEC Study group, received at the Treasury on 20 January 1977.

⁵⁰ Delors, ‘The Decline’, p. 32.

⁵¹ F. Archibugi, J. Delors, S. Holland, ‘Planning for Development’, in Holland (ed.), *Beyond Capitalist Planning*, pp. 184-202.

⁵² S. Holland, ‘Introduction’, in Holland (ed.), *Beyond Capitalist Planning*, p. 9; N. Wierczorek, ‘Perspectives for Planning’, in Holland (ed.), *Beyond Capitalist Planning*, pp. 110-115.

⁵³ British National Archives, PREM 16/850, joint statement by the Tripartite Conference, 24 June 1976, Luxembourg.

⁵⁴ British National Archives, T 390/98, ETUC, *Unemployment: Structural Problems and Policy Implications*, note en prévision de la rencontre du comité de politique économique du 9 February 1977.

⁵⁵ N. Ferguson, C. Maier, E. Manela, D. Sargent (eds.), *The Shock of the Global. The 1970s in perspective* (Cambridge Mass., Harvard UP, 2011).

solution was to coordinate the stimulus package so that all countries could benefit from larger exports at the same time.

The idea of coordinating EEC macro-economic policies was long-standing but had not been implemented despite the various committees created in 1960 and in 1964. In 1968 and 1969, the French commissioner for monetary affairs Raymond Barre proposed two plans which linked an increased coordination of economic policies with further monetary solidarity⁵⁶. Those reflections were then taken up and reframed in more ambitious projects in the 1970 Werner Plan. In 1974, the EEC Council of Ministers issued a resolution on the necessity to “attain a high degree of convergence” among member-states’ economic policy, and they merged three committees (the Short-term and the Mid-term economic policy committee, as well as the Budgetary policy committee) in one European Policy Committee⁵⁷. However, those institutional decisions did not translate into any concrete coordination of economic policies: the European monetary Snake put in place in 1972 was riddled with holes, with many currencies leaving, and then re-entering because of divergence in monetary (and ultimately) in economic policies.

The turning point came with the "locomotive" attempt of 1978⁵⁸. It postulated that a coordinated reflationary plan would have been successful only if countries with a surplus in their current account balance, such as Germany and Japan, were to shoulder larger stimulus programmes than the weakest countries, such as Britain and Italy, where the IMF intervened in 1976-77 to solve a balance-of-payments crisis. The German chancellor remained hesitant, but he was convinced by his EEC partners, by the newly elected American President Carter, and by the OECD, who all backed a concerted stimulus over two or three years, the intensity of which would be defined by each government’s financial ability to increase spending.

The formal agreement on a concerted stimulus came at the G7 Summit held in Bonn on 16-17 July 1978. The German and the Japanese governments had to reflate (Bonn had to prepare a stimulus equivalent to 1% of GDP), while the Carter administration agreed to fight against inflation and excessive oil consumption. The French and the Dutch should implement limited programs of expansion, while the weaker British and Italians should engage in only minimalistic efforts. Schmidt yielded to pressure because he wanted a decisive win at the Bonn G7, and as it was necessary to promote a spirit of international cooperation to abate protectionist tensions. The German chancellor implemented this program, while at the same time constantly reminding the Americans of their obligations in terms of anti-inflationary policy.

In 1979, the second oil shock snuffed this success out. In early 1981, for the first time in years, West Germany even experienced a balance-of-payments deficit. The Bundesbank, worried for the deutschmark, which underwent a "crisis of confidence" (in the German Central Bank’s own word), while the French franc hit its EMS ceiling⁵⁹. Traumatized by this short-lived deficit, the Germans have since refused any attempt at a further concerted stimulus since then.

The idea remained alive in left-wing circles, particularly in the ETUC 1981 manifesto⁶⁰. Internal divisions crippled the transnational planning network, with Stuart Holland supporting

⁵⁶ On Barre’s proposals : Warloutzet, *Le Choix de la CEE*, 402-415.

⁵⁷ Mourlon-Druol, *A Europe Made of Money*, 19 and 25.

⁵⁸ Warloutzet, *Governing Europe*, 144-5.

⁵⁹ Bundesbank archives, B 330/11165, 575. Sitzung des Zentralbankrats der Deutschen Bundesbank, 19 February 1981.

⁶⁰ British National Archives, PREM 19/462, ETUC Manifesto for Employment and Economic Recovery, 5 May 1981.

the anti-EEC drift of the Labour in the early 1980s, despite its book *Out of Crisis* released in 1983 which still called for a coordination of the European Left.⁶¹ More generally, many supporters of planning were not ready to delegate to a supranational authority such broad powers.

At the same time, planning declined, even in France. The collapse of the Bretton-Woods system, the increased in international flows of capital and goods, and the economic crisis made forecasting exercises more uncertain. Moreover, the liberal president Giscard d'Estaing was not enthusiastic about it. Instead of a single growth forecast, several hypotheses were taken into account in the Seventh Plan (1976-81), whereas the Eighth Plan (1981-1985) did not contain any numerical growth targets.⁶² The new head of the French Planning Commissariat, Michel Albert consulted foreign economic planning experts such as the Russian-American Wassily Leontief and the British Andrew Shonfield. Planning became more and more an exercise in identifying global trends than a guide for economic actors. The belief in a state-led national future was revived one last time in 1981, when the socialist Francois Mitterrand was elected President of the Republic. This last burst of voluntarism waned between mid-1982 and the spring of 1983 due to financial constraints. Faced with a devaluing currency and the prospect of touring Middle-Eastern countries to finance the public deficit, the French government changed its orientation by adopting a stability-oriented policy. Eventually, faced with the challenge of globalisation, the General Planning Commissariat published in 1986 a report calling for the completion of the internal market, by the removal of non-tariff barriers - something which was realized in the 1986 Single Act Treaty- and by a European industrial policy. Planning was now officially abandoned as an overarching exercise of coordinating and steering economic actors. Market-oriented dynamic had to take precedence, but targeted interventions were still encouraged. This new liberal environment fostered the rise of competition policy.

The rise of competition policy in the 1980-90s

From the mid-1980s onwards, the competition principle was upheld more firmly within the EEC/EU internal economic policies, first thanks to the Single market programme, but most of all thanks to the new boldness of a more neoliberal European competition policy.

The 1986 Single Act launched the internal market programme, which lifted all internal borders by the end of 1992, thanks to the harmonisation of hundreds of legislations in various domains⁶³. This effectively increased intra-European competition. Planning was not completely abandoned in the sense that European governments and institutions played a leading role in choosing how to harmonize legislation. For example, when car emission norms were tightened in the late 1980s, the various governments took into account at the same time market-oriented, social and neomercantilist concerns⁶⁴. The social dimension is the most obvious as the very

⁶¹ S. Holland, 'Out of Crisis. International Economic Recovery', in J. Curran (ed.), *The Future of the Left* (Cambridge, Polity Press, 1984), pp. 243-264; K. Featherstone, *Socialist Parties and European Integration. A Comparative History* (Manchester, Manchester UP, 1988), p.64.

⁶² Commissariat général au Plan, *Cinquante ans de planification à la française* (Paris, Commissariat général au Plan, 1996), p. 23.

⁶³ K. Armstrong and S. Bulmer, *The Governance of the Single European Market* (Manchester, Manchester UP, 1998); M. Egan, *Constructing a European Market* (Oxford, Oxford UP, 2001); G. Grin, *The Battle of the Single European Market. Achievements and Economic Thought, 1985-2000* (London, Paul Kegan, 2003).

⁶⁴ L. Warloutzet, 'The role of the European Parliament in the Single Market Programme: the cost of non-Europe and the car emission directive (1983-89)', *Journal of European Integration History*, to be published

existence of the legislation was motivated by a concern to preserve the environment and human health. Decision-makers also took into account business interests, notably the cost of the new technologies available, and the incentive to adopt stringent caps on emission in order to match the more severe US norms, and hence to improve the competitiveness of the EEC car industry on this market. As a result, the planning momentum was subdued but not completely absent, in the sense that competition was not the only organizing principle of the Single Market.

All in all, the most significant development in terms of the decline of planning was that competition policy -the very embodiment of the competition principle- became a prominent feature of EEC/EU institutions, thanks to the activism of two neoliberal commissioners, Peter Sutherland (1985-9) and Leon Brittan (1989-93), who targeted more state action to steer the economy, rather than private practices as was the case before⁶⁵.

In 1985, the Irishman Peter Sutherland became competition policy commissioner, and embarked on an ambitious agenda to extend competition rules to the regulation of certain national activities that were previously ignored: state aid control became more severe, and the liberalization of the telecommunications and air transportation sectors began.

In terms of state aid, the Treaty of Rome was vague and the Commission was not able to be effective in this area until the mid-1980s. In the late 1970s, several actors -notably at the OECD and in the German government⁶⁶- strived to promote a more severe control of state aid, based on the diminution of all subsidies except those that were temporary and linked to restructuring. Such aid should only represent a temporary boost for an otherwise competitive company. In other words, industrial, social and regional policy considerations (for example the necessity to support a company in a regional affected by massive unemployment) had to give way to pure competition considerations. On the whole, however, this offensive failed as the Commission remained largely dominated by a mix of neomercantilist and social approaches, and as member-states had successfully resisted this move. Only in the steel sector did the Commission acquire stringent prerogatives to closely monitor state aid but this was considered an exception, as it stemmed from a decision taken unanimously by the Council in 1980 under ECSC rules after much wrangling⁶⁷.

Sutherland relaunched the offensive by targeting a massive subsidy delivered by one of the most powerful member-states. In 1985, as soon as he arrived in Brussels, he took over the procedure against the state aid granted to Boussac, the largest textile firm in France. In Paris, French officials argued that since this enormous company was on the verge of bankruptcy, massive layoffs would follow in regions of Northern and Eastern France, already crippled by the crisis of traditional manufacturing. The only solution was to grant massive state aid. Sutherland replied that since Boussac was an exporting firm, and since the subsidies were granted without a matching restructuring plan, the aid was illegal under EEC rules. The Irish commissioner was also motivated by the cockiness of French officials, who blatantly ignored EEC rules on state aids and who were unwilling to disclose information. During internal debates within the Commission, he proposed to request a massive repayment of FF 999 million by the company. François Lamoureux, a French socialist who was a member of Delors's cabinet,

⁶⁵ This chapter is based on: L. Warloutzet, "Towards a Fourth Paradigm in European Competition Policy? A Historical Perspective (1957–2022)", in Adina Claiici, Assimakis Komninos, Denis Waelbroeck (eds), *The Transformation of EU Competition Law – Next Generation Issues*, Alphen, Kluwer, 2023, pp. 33-52.

Published on the SSRN database: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4426768.

⁶⁶ Warloutzet, *Governing Europe*, pp. 164-5.

⁶⁷ Warloutzet, *Governing Europe*, 106-12 and: Y. Mény and V. Wright, eds, *The Politics of steel : Western Europe and the steel industry in the crisis years (1974-1984)*, Berlin, De Gruyter, 1986.

reacted angrily by underlining the « unprecedented disagreement » within the Commission over this initiative. From the technical point of view, the Commission's service in charge of internal market (DG III) followed a more neomercantilist reasoning and insisted on the need to take into account the intensity of Boussac's restructuring and on the problem of international competition. From the political point of view, the Irish commissioner entered uncharted territories when he contested evidence provided by a national government, an accusation which was extremely controversial from an institutional point of view. However, the context has changed since the late 1970s. The second oil shock had worsened the macro-economic situation and neoliberal ideas were on the rise. Eventually, after a tense debate within the college of commissioners, Sutherland secured the Commission's support to sanction the French government, but he had to negotiate with it. He settled for a compromise of FF 338 million. The contest went beyond a duel between Brussels and Paris. In fact, European commissioners were divided over the extent of the competition principle, as many of them (mostly from the center-left) insisted on the necessity of leaving room to manoeuvre for national industrial, social and regional policies. According to them, Competition policy had to be congruous with social and neo-mercantilist aims, that could be associated with planning.

Sutherland also played a decisive role in the liberalization of air transportation and of telecommunications, which were driven by multiple dynamics, some of them independent from European integration such as a growing influence of free-market ideas, and technical innovation⁶⁸. In air transportation, the cost per passenger fell with the arrival of new planes such as the Jumbo-Jet B747 in 1969 and thanks to a growing competition with Airbus. In the telecommunications sector, digitization and convergence with the computer industry allowed for the development of new services and of new competitors. Goods that were relatively scarce (communications or air transportation capacity) became more abundant, thus more competition in the market was possible. Nevertheless, what was remarkable was that this liberalization process was tightly regulated by the EEC, thanks to two landmark legislations adopted in 1987 (for air transportation) and in 1988 for telecommunications). Liberalization could have occurred only at the national level, with a coordination with the international technical bodies that already existed.

The neoliberal offensive to uphold the competition principle became even more intense under Leon Brittan, the commissioner for competition who succeeded Sutherland. Brittan was a faithful supporter of the British neoliberal Prime Minister Margaret Thatcher. The first tensions over the extent of the competition principle occurred with regards to mergers, as the Commission had acquired in late 1989 the power to ban mergers⁶⁹. In 1991, commissioner Brittan decided that the Commission would forbid for the first time a merger, in this case between ATR and De Havilland, two aircraft companies.⁷⁰ However, for many experts, the merger made sense since other competitors existed inside and outside Europe⁷¹. This operation

⁶⁸ In addition to previous references, see also: M. Thatcher, *Internationalisation and Economic Institutions: Comparing the European Experience* (Oxford, Oxford UP, 2007), and H.Kassim and H. Stevens, *Air Transport and the European Union. Europeanization and its Limits* (Basingstoke, Palgrave Macmillan, 2010).

⁶⁹ On the 1989 merger regulation, see a summary of the literature in: L. Warloutet, 'The Centralization of EU Competition Policy: Historical Institutional Dynamics from Cartel Monitoring to Merger Control (1956–91)', *Journal of Common Market Studies*, 54 (2016), 725-741.

⁷⁰ M. Pollack, *The engines of European integration : delegation, agency, and agenda setting in the EU* (Oxford, Oxford UP, 2003), pp. 292-299; M. Cini, L. Mc Gowan, *Competition Policy* (Basingstoke, Palgrave Macmillan, 1998), p. 129.

⁷¹ F. Jenny, 'Droit européen de la concurrence et efficience économique', *Revue d'économie industrielle* 63 (1993), 202-3 ; Catherine Goybet, 'La CEE a-t-elle une politique industrielle ?', *Revue du Marché Commun* 352 (1991), 753.

was hailed as a symbol for an EEC industrial policy in high technology aimed at creating European champions able to compete with the mightier US firms. Indeed, it was the Franco-Italian firm ATR, itself an example of European industrial cooperation, which bought its Canadian competitor De Havilland. Conversely Brittan opposed it on competition grounds: he adopted a narrow definition of the relevant market in order to demonstrate that the new companies would have had a dominant position. Within the Commission, Delors supported the merger but Brittan mustered support among a large coalition of mostly center-right commissioners, and thus won the case⁷².

Italy was also forced to scale back on its industrial policy in the 1980s and early 1990s, mostly for reasons independent from EEC/EU institutions, but sometimes at the result of their direct pressure through state aid control, notably in 1992 under Brittan.⁷³

On the whole, those developments hampered not only the development of an EU industrial policy, but also the functioning of national industrial policies, at least in their traditional sense of fostering the development of national companies by direct measures, such as subsidies or legal privileges. In other words, the planning idea applied to industrial development was shattered by this rise of the competition-based order. The demise of the socialist planned economy in Central and Eastern Europe reinforced this dynamic.

On the whole, the competition principle has arisen constantly since the mid-1980s, both in the old field of cartels, and in the new domain of merger control, state aid control and the liberalization of previous monopolies and oligopolies (which has extended to energy, railways and postal service). But this does not mean that its orientation has always been neoliberal. Recently, under Margaret Vestager, unfair tax aid was targeted more vigorously. Only during the most severe economic crisis, has the Commission accepted to be considerably more tolerant towards state aid. This was the case in the 1990s, when Germany had to massively subsidize the modernisation of East German industry, and most of all, during the crisis of 2008-10, and during the recent Covid-19 crisis. Hence, planning was not permitted anymore, except in time of crisis to prevent a massive collapse of the industry.

The persistence of planning ideas up to the post-Covid EU

While explicit planning ideas are absent within the EU's economic framework, its explicit definition as a "Social Market Economy" exemplifies its ideological flexibility⁷⁴. Hence, it is possible to observe the persistence of ideas of a political steering of economic structures in several domains.

Cohesion policy is the area where traditional planning concerns have persisted. Reducing regional imbalances has always been a major objective of planning, or of planning-like policies notably in Britain, and in Italy, and then in France. It has led to the EEC regional policy, created in 1975 on a relatively modest basis, and then gradually expanded both in terms of scope (it became "cohesion policy") and of budget to deal with the Southern and then the Eastern

⁷² G. Ross, *Jacques Delors and European Integration* (Cambridge, Polity Press, 1995), 178.

⁷³ B. Curli, The 'vincolo europeo', Italian Privatization and the European Commission in the 1990s, *Journal of European Integration History*, 18 (2012), 294-5; on EMU, see also: L. Quaglia, *Italy and the Economic Monetary Union : the politics of ideas*, Lewiston, Edwin Mellen Press, 2006.

⁷⁴ On EU as a Social Market Economy, see the *Journal of Common Market Studies, Special Issue: Rethinking the European Social Market Economy*, 2019, edited by Rutger Claassen, Anna Gerbrandy, Sebastiaan Princen and Mathieu Segers.

enlargements. Philipp Ther compared its effect on post-socialist countries to that of the Marshall Plan.⁷⁵ Cohesion policy is decentralized so it cannot be compared to the centralized version of planning set up in the 1960s but rather more to a modest version of the project devised in the 1970s. Like them, it hinges on the idea that political authorities have a duty to address market failures, in this case regional imbalances, by orienting growth.

Paradoxically, the history of the EMU has seen the competition principle being upheld so firmly that it had somewhat merged with some planning tendencies. At the start, planning, understood as the voluntary coordination of macro-economic policies, was almost absent from the EMU blueprint defined in the Maastricht Treaty. Originally, the 1970 Werner Plan was predicated upon a parallel strengthening of both monetary and economic cooperation.⁷⁶ The latter was left to a relatively undefined “decision center for economic policy”, which should have been powerful and answer to the European Parliament. Instead the Maastricht Treaty established a three-way process towards a fully-fledged federal monetary union (with a federal European Central Bank), flanked by a purely intergovernmental economic union. Economic coordination was left entirely in the hands of national governments, and of market forces, despite numerous attempts by French leaders in 1988-9 to improve macro-economic policy coordination⁷⁷. The 1997 Growth and Stability Pact was designed to address these imbalances, by fostering an explicit coordination of economic policies merging both the planning (“Growth”) and the competition (“Stability”) principles, but it was largely ignored by member-states which followed different paths.

Nevertheless, the eurozone crisis forced everybody to converge towards a common approach, based both on solidarity and on competition. The first principle was visible in relief packages allowing all countries to stay in the eurozone and in the creation of institutions aimed at funding deficit countries (European Financial Stability Facility (EFSF) and then European Stability Mechanism ou ESM), but it was the second principle which took the upper hand: draconian conditions were imposed to some assisted countries. As a result, planning in the sense of coordination of macro-economic policies was implemented, but in a competition-only vision. On the one hand, Ireland was assisted in order to cover its economic mistakes (the Government carelessly pledged to cover all its oversized banking sector’s losses at the beginning of the crisis) with only few strings attached. It was allowed to continue its neoliberal policy of low taxation. On the other hand, Greece, whose governments had cheated on its statistics to enter into the euro, was punished by a late debt relief, and by a neoliberal monitoring of its economic policy based on axing its welfare state. The 2012 Fiscal Compact (Treaty on Stability, Coordination and Governance in the Economic and Monetary Union) was meant to enshrine in the institutions this planned convergence towards stability-oriented policies. In other words, planning was put at the service of a competition-only vision of European Integration. France managed to insert itself into the Macroeconomic Imbalance Procedure, part of the so-called ‘Six Pack’ legislation, a surveillance of both surplus and deficits of the current account imbalances, but this symmetry was rather theoretical⁷⁸.

Recently, the Covid-19 crisis seemed to have slightly revived the old idea of planning towards neomercantilist and social aims. The Brexit has certainly weakened the proponent of a competition-only vision with the departure of its most vocal supporters since 1979. Regarding EMU, the massive stimulus plan partly delivered in grants (and not only in loans) adopted in

⁷⁵ P. Ther, *Europe since 1989. A History* (Princeton, Princeton UP, 2016), 146.

⁷⁶ E. Danescu and S. Muñoz (eds), *Pierre Werner and Europe : his approach, action and legacy* (Brussels: Peter Lang, 2015).

⁷⁷ Howarth and Schild, ‘France and European Macro-economic’, 20-1.

⁷⁸ Howarth and Schild, ‘France and European Macro-economic’, 25-6.

July 2020 fit into the planning approach, as the “green deal”, unveiled in early 2020, before the pandemic began, but which might be boosted by it. More generally, the recovery plan put forward by the European Commission has been hailed as a new “Marshall Plan” by the President Ursula von der Leyen⁷⁹, itself a reference to planning as a modernizing tool. In industrial policy, the new tolerance for state aids to save competitive companies at risk of disappearance because of the pandemic, and the Commission’s acceptance of a stricter monitoring of foreign takeovers of EU firms also fit into a more planned approach, aimed at correcting market imbalances by keeping a long term approach on industrial development. Lastly, France has even revived the name “planning” by restoring its “commissariat général au Plan” in August 2020 but with a role mainly confined to long-term economic and social forecasting.

Conclusion

European institutions have always been dominated by a market-oriented thrust, which had accommodated both the competition and the planning orientations. Many debates over the economic orientation of Europe have pitted against each other not only the member-states, but also the member of other EEC/EU institutions, in particular commissioners defending rival interpretations of the Treaty, and various experts. It was not Germany against France, but rather a coalition of competition-oriented actors in Germany, and later in Ireland and the UK, who opposed another coalition, mainly composed of French, Belgian and Italian actors.

During the 1960s, commissioner von der Groeben developed an ambitious project of a competition-based Community, which clashed with the comprehensive project of European planning devised by his colleague Marjolin. While planning ideas remained influential in the 1970s, they were not enacted despite the promising attempt of “locomotive”. From the late 1980s, the principle of competition became prominent thanks to a neoliberal momentum, which was accelerated with the creation of an unbalanced EMU at Maastricht. It even subverted the planning principle by putting it at the service of a competition-only vision, enshrined in some decisions taken during the eurozone crisis. However, the original planning principle, based on neomercantilist and social concerns, remains visible in cohesion policies. It even looks brighter in the post-covid 19 world, where discussions over increased solidarity within EMU and over the green deal loom large.

On the whole, this debate about competition and planning demonstrates that the EEC/EU have not been an inward-looking island, but rather an organization fully immersed within the ideological debates of its time. The peak of planning ideas in the 1960s influenced the EEC debates, while the rise of neoliberal ideas in the 1980s moved it into uncharted territory. The current debate on the reorientation of EU policies following the pandemic demonstrates that, despite the institutional momentum and the legal jurisprudence that constrain decision-makers, the European Treaties remain relatively flexible provided a political willingness exist.

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