

The European Commission as a driver of change

State aid, neoliberalism and the closure of the Amsterdam shipyards, 1976-1986

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Abstract

By analysing the case of the closure of the Amsterdam shipyards in the 1980s, this article shows how the European Commission (EC) actively promoted a neoliberal turn in policies on state support for economic sectors in Western Europe. In addition to the EC, leading civil servants within the Dutch ministries of Economic Affairs and Finance emerged clearly as embracing neoliberal ideas early on as an answer to tackle the economic crisis of the 1970s. A third, often neglected factor in explanations for the rise of neoliberalism were management consultants – in this case from management consultancy firm McKinsey – who wrote alarming reports about the shipbuilding industry and promoted ideas that emphasized the importance of business principles and individual managers as key for improvement, thereby offering an alternative to macroeconomic Keynesian models of growth.

Introduction

Until the parliamentary inquiry into the bankruptcy of the shipbuilding conglomerate Rijn-Schelde-Verolme (RSV) in 1983-1984, state aid was undisputed in Dutch industrial policy and an appropriate measure for protecting employment.¹ In the early 1980s, this rationale was supplanted by the new neoliberal anti-state-aid discourse of market forces,

¹ J.L. van Zanden, 'The Netherlands: The history of an empty box', in: J. Foreman-Peck and G. Federico (eds.), *European industrial policy. The twentieth-century experience* (Oxford 2006) 177-193; B. Strath, *The politics of de-industrialisation. The contraction of the West European shipbuilding industry* (London 1987).

free competition, and free trade.² Based on the case of the closure of the ADM and NSM shipyards in Amsterdam, we explore the rapid shift from Keynesian macro-economic policy to neoliberal discourse on free trade and competition among civil servants and politicians alike. In so doing, we demonstrate how a relatively new player – the European Commission – used state aid legislation to make this neoliberal discourse dominant rather suddenly and then acquired a say in determining shipbuilding policy in the Netherlands. This shift from a seemingly rational set of state aid rules to competition law is to be considered ‘*deeply political and needs to be understood in a broader context*,’ as sociologists of law Buch-Hansen and Wigger have previously argued.³ This corresponds with the conclusions of the historian Warlouzet, who regards the changes in European Economic Community (EEC) state aid regulations as indicative of the relatively early acceptance of neoliberalism by the European Commission.⁴ The shipbuilding industry and the RSV case in particular are good case studies for examining this transition more closely, because the shipbuilding industry received the most state aid and lost it relatively quickly.⁵

In addition, this case reveals an important second actor that influenced the rapid transition: senior civil servants who embraced neoliberal theories early on. Internally, Dutch senior civil servants saw RSV as the example of failing Keynesian subsidy policy.⁶ This aligns with Van Grinsven, who noted the importance of the role of senior civil servants behind the scenes, and Mellink and Oudenampsen, who noted the more longstanding tradition of neoliberal ideology outside politics. The third actor was the management consultancy firm McKinsey, which wrote reports about the crisis in the shipbuilding industry and advised switching to promoting competition and management concepts inspired by corporate industry.⁷ In this *in-depth* study of a Dutch

2 L. Warlouzet, ‘The collapse of the French shipyard of Dunkirk and EEC state-aid control (1977-86)’, *Business History* 62:5 (2020) 858-878.

3 H. Buch-Hansen and A. Wigger, ‘Revisiting 50 years of market-making. The neoliberal transformation of European competition policy’, *Review of International Political Economy* 17:1 (2010) 20-44.

4 L. Warlouzet, *Governing Europe in a globalizing world. Neoliberalism and its alternatives following the 1973 oil crisis* (London 2017); Ibid, ‘Competition’, in: É. Bussière et al. (ed.), *The history of the European Commission 1973-1986* (Luxembourg 2014), 291-301.

5 Van Zanden, ‘The history of an empty box’.

6 As quoted in: P. van Grinsven, ‘De zure appel in tijden van economische crisis’, in: C. van Baalen et al. (eds.), *Parlementair Jaarboek* (2009) 59-71, 63.

7 R. Kroeze and S. Keulen, ‘Managerpolitiek. Waarom historici oog voor management moeten hebben’, *BMGN – Low Countries Historical Review* 127:2 (2012) 97-112.

case we aim to investigate how the neoliberal shift came about, who the most important actors were, what their sources of inspiration were, and how they perceived the crisis and then operated.

We illustrate this course of events from a *multi-level governance* perspective.⁸ This perspective deriving from European Studies is regarded as incorporating historical institutionalism. Its chief added value lies in offering non-state-centric explanations for the way in which power and policy are generated.⁹ This perspective informs us that a change in the past is often brought about not by one actor (for example the national government) but by several actors operating at different governance levels and influencing one other.¹⁰ Such a governance approach is rarely applied in historical research.¹¹ In previous studies on political-economic policy and the role of the Dutch government in the economy in the period after 1945, however, scholars including Jan Luiten van Zanden have noted that different periods of greater or less government interference in the economy are discernible. Shipbuilding is also noted as an important subsidy recipient that lost it in the 1980s. Remarkably, the role of the European Commission in the process is not mentioned, and senior civil servants and management consultants receive virtually no consideration either.¹²

The approach in this article is also inspired by the *cultural turn*, as supported especially by the Cambridge School with historians such as John Pocock and Quentin Skinner.¹³ They revealed how new forms of time-specific political terminology not only describe the policy but also drive substantive changes.¹⁴ So when a new political discourse becomes dominant, this will lead to substantive changes in political practice.¹⁵ Hall previously wrote a path-breaking article about the *paradigm shift* from Keynesian to neoliberal policy in England and noted how a change

8 L. Hooghe and G. Marks, *Multi-level governance and European integration* (Lanham 2001).

9 S. Piattoni, 'Multi-level governance. A historical and conceptual analysis', *European Integration* 31:2 (2009) 163-180.

10 For an extensive application, see: S. Keulen and R. Kroeze, 'The rise of neoliberalism and the termination of Keynesian policies. A multi-level governance analysis of the closure of the Amsterdam Shipyards (1968-1986)', *Enterprise & Society* 22:1 (2020) 212-246. This article also relates the neoliberal shift to changes in shipbuilding in France, England, and West Germany.

11 W. van Meurs, *Never mind the gap. Comparison in political history* (Nijmegen 2018).

12 Van Zanden, 'The history of an empty box'.

13 E.A. Clark, *History, theory, text. Historians and the linguistic turn* (Cambridge 2004) 138-140.

14 J.G.A. Pocock, 'Verbalizing a political act. Towards a politics of speech', in: *Ibid.*, *Political thought and history. Essays on theory and method* (Cambridge 2009) 33-50; K. Palonen, *Quentin Skinner. History, politics, rhetoric* (Cambridge 2003).

15 F. Ankersmit, *Aesthetic politics. Political philosophy beyond fact and value* (Stanford 1996) 159.

in discourse and the actions of (new) actors, including their interaction, gives rise to extensive change.¹⁶

Specifically, in our article we show how actions at different governance levels – the City of Amsterdam, ministries and government in The Hague, the House of Representatives, and the European Commission, in particular the Directorate General for Competition – gave rise to extensive neoliberal changes in policy on state aid. By examining the changing argumentation by civil servants, ministers, MPs and the advisors contacted by politicians, and the ensuing reactions, also from trade unions and leaders from the business community, we observe how this neoliberal shift transpired in Dutch political governance and can track policy-related changes. The different governance levels have been examined based on various sources: archival documents and correspondence between the Ministry of Economic Affairs and the European Commission, advisory reports, and parliamentary documents. To envision the policy views of European operators in particular more clearly, we have used the *oral history* archive of the European Commission, an important source for research on contemporary history.¹⁷ Lacking a structured archive, especially the Amsterdam input is based on digitized newspapers and what was written there about the role of Amsterdam.

The article is composed as follows. First, the historiography of neoliberalism and the neoliberal roots of European policy on state aid are discussed. The second section is about the conglomeration movement in the Dutch shipbuilding industry, which was a reaction to the collapsing market for shipbuilding of the 1970s. Next is a discussion of the rising influence of the DG Competition of the European Commission, which devised a neoliberal policy on competition. In the following section the first cautious neoliberal changes in Dutch shipbuilding policy are addressed. The final section covers the definitive change in policy on state aid under the Lubbers I government (1982-1986) and the catalyst role of the RSV inquiry here.

¹⁶ P.A. Hall, 'Policy paradigms, social learning, and the state. The case of economic policymaking in Britain', *Comparative Politics* 25:3 (1993) 275-296.

¹⁷ S. Keulen and R. Kroeze, 'Back to business: a next step in the field of oral history. The usefulness of oral history for leadership and organizational research', *Oral History Review* 39:1 (2012) 15-36.

Historiography of neoliberalism

Neoliberalism is a difficult concept to grasp, because it is used both as an umbrella term and as an adjective conveying disapproval of market forces that are in overdrive at public institutions, and because it is used in totally different ways in different fields of scholarship. In scholarship, as Oudenampsen and Mellink have revealed, neoliberalism is understood in at least three ways: as a Marxist structuralist perspective with extensive consideration for the influence of capitalism and corporate industry in modern society, a social-scientific Foucauldian approach to governance (changes), and, third, a stage in the history of political ideas.¹⁸

The historiography reflects broad consensus that neoliberalism derives from the Depression views of the 1930s, when a group of economic intellectuals opposed the spread of government interventions in the economy, such as the *New Deal* program in the United States. These neoliberals advocated restoring *laissez-faire*, albeit with a clear role for the government, which was to act as a warden to ensure fair competition. Before the Second World War, for example, they gathered at one of the Lippmann colloquia in Paris and from 1947 in the *Mont Pèlerin Society* founded by Friedrich von Hayek.¹⁹ These neoliberals did not merely chat with each other but aimed to bring about political change.²⁰ Within neoliberalism distinctly different schools existed, such as the German *ordo* liberals, the Chicago school, and the Austrian school. These neoliberal schools differed in terms of their epistemology and view of humanity and operated within different national contexts, thus expressing a variety of economic views and solutions.²¹ Part of the confusion about the concept of neoliberalism arises from these variations. They did, however, share an aversion to on the one hand the unbridled *laissez-faire* belief characteristic of nineteenth-century economic liberalism and on the other hand of Keynesianism, which gained currency mainly after 1945.

18 M. Oudenampsen and B. Mellink, 'Voorbij de controverse. Het Nederlandse neoliberalisme als onderwerp van onderzoek', *Beleiden Maatschappij* 46:2 (2019) 235-254, 244; W. Davies, 'Neoliberalism: A bibliographic review', *Theory, Culture & Society* 48:1 (2014) 1-9.

19 P. Mirowski and D. Plehwe (eds.), *The road from Mont Pèlerin. The making of the Neoliberal thought collective* (London 2009); A. Burgin, *The great persuasion. Reinventing free markets since the depression* (London 2012); Q. Slobodian, *Globalists. The end of empire and the birth of neoliberalism* (London 2018).

20 B. Mellink, 'Politici zonder partij. Sociale zekerheid en de geboorte van het neoliberalisme in Nederland (1945-1958)', *BMGN – Low Countries Historical Review* 132:4 (2017) 25-52.

21 Plehwe, 'Introduction', in: Mirowski and Plehwe (eds.), *The road from Mont Pèlerin*.

From this perspective, neoliberalism was a middle-of-the-road position, in which the government had a duty as a powerful warden to ensure that important market mechanisms functioned properly, without excessive government intervention disrupting market forces. In the political ideology of neoliberals the crucial principle was free competition embedded in solid rule of law. After the 1970s, this set of principles faded from view, because the Chicago school with the defining mediagenic American economist Milton Friedman became the dominant neoliberal school of thought and depicted the state as a counterforce to a free market.²² This gave rise to the popular image of neoliberalism that invoked the adage *stabilize, privatize, and liberalize* (known as the *Washington Consensus*) to force several governments to withdraw from policy fields.²³ In many cases this did not mean that the state or political establishment no longer played a role in the economy. After all, choices had to be made everywhere about whether and where to withdraw and how to do so.

This first intellectual wave of neoliberalism was followed by the ‘neoliberal breakthrough’ from the outbreak of the oil crises of the 1970s.²⁴ Because of the unprecedented shocks to the economy that coincided with this, corporate executives and politicians seeking a solution to the recession were receptive to the neoliberal ideas promoted by adherents of the first wave, in part because solutions known as Keynesian, such as boosting the economy by increasing government demand (*demand management*) did little good and led to stagflation (a stagnant economy and mounting inflation). Increasing criticism of Keynesianism coincided with greater appreciation of monetarism, which held that government should address and in this curtail not demand but supply (of money: *supply side economics*) to get the economy back on track. Theory of monetarism soon came to be regarded as an addition to or even as an inherent part of neoliberalism. Because certain economists, think tanks and civil servants promoted this combination of factors and available ideas, in both the United Kingdom and the United States, leading civil servants at the Treasuries soon abandoned Keynesian views in favour of neoliberal ones, with those at other ministries soon following their example.²⁵ Political leaders, epitomized by Thatcher and Reagan, followed

22 Burgin, *The great persuasion*.

23 P. Ther, *Europe since 1989. A History* (Princeton 2016).

24 D. Stedman Jones, *Masters of the universe. Hayek, Friedman, and the birth of neoliberal politics* (Princeton 2012) 215.

25 Stedman Jones, *Masters of the universe*, 215 ff.; J. Tomlinson, *Managing the economy, managing the people. Narratives of economic life in Britain from Beveridge to Brexit* (Oxford 2017) 63-87.

only afterwards. Oudenampsen and Mellink demonstrated the same change and periodization for the Netherlands, where the ministries of Finance and Economic Affairs were 'early bastions of principle opposition to Keynesian policy.'²⁶ This official and political change was not rigidly demarcated; the historian Stedman has provided several examples of neoliberal changes already taking place by the 1970s under U.S. democratic President Jimmy Carter, even before republican President Ronald Reagan entered office. He also shows that by the 1970s in both the United States and within the British labour government, broad consensus existed that henceforth curtailing inflation mattered most, rather than full employment (another known Keynesian policy objective).²⁷

The oil crises and stagflation of the 1970s marked a turning point not only for national governments but also for European integration policy. Within the European organs neoliberal ideas were more deeply rooted, in part because neoliberal thinkers actively followed and commented on the case of European integration. Since the European Economic Community (EEC) were established in Rome in 1957, the different neoliberal schools had been debating whether European integration aligned with neoliberal tenets. Although the agricultural policy or economic ties with former colonies could hardly be regarded as neoliberal due to the conspicuous government interventions, one European policy field clearly qualified as neoliberal from the outset: competition, or rather the set of rules intended to promote free market forces and competition and to curtail state aid. In the first European Commission German Euro Commissioner for Competition Hans von der Groeben regarded his policy field as clearly 'neoliberal' and as the epicentre of European policy. Assisted especially by the German neoliberals of the second generation, in the early 1960s he elaborated the still undefined and broad founding treaty so as to assign the Commission the central role in supervising and coercing compliance with state aid regulations and the European Court of Justice complete jurisdiction and a penalty instrument to enforce this.²⁸ The historian Warlouzet, who investigated in what measure the European Commission applied neoliberal policy in reacting to the crises of the 1970s, determined that in the different policy fields where the EEC was active huge differences ex-

26 M. Oudenampsen and B. Mellink, 'Bureaucrats first: The leading role of policymakers in the Dutch economic paradigm-shift of the 1980s', *TSEG – The Low Countries Journal of Social and Economic History* 18:1 (2021); Oudenampsen and Mellink, 'Voorbij de controverse', 247.

27 Stedman Jones, *Masters of the universe*, 215-254.

28 Slobodian, *Globalists*, 206-212.

isted between the political-economic views supported, but he also argued that competition would become ‘the main vehicle for a neoliberal transformation of Europe.’²⁹

The Amsterdam shipbuilding industry and the mergers in the 1970s

To understand why the shipbuilding sector and particularly the one in Amsterdam is an interesting case for examining the rise of neoliberalism, it helps to consider that the Amsterdam harbour and shipbuilding industry figured prominently in Dutch reconstruction policy after the Second World War. Comprising nearly 50,000 employees, the shipbuilding and repair yards accounted for about 12 percent of the total industrial volume in the Netherlands. The two most important Amsterdam shipyards were the Nederlandsche Dok en Scheepsbouw Maatschappij (NDSM) situated in Amsterdam North and the Amsterdamsche Droogdok Maatschappij (ADM).³⁰ NDSM pertained to the ‘seven sisters’ (the largest shipbuilders in the Netherlands) and had about 3,500 employees at the end of the 1960s. Circa 1,500 employees worked at ADM, and together they accounted for 9 percent of total employment in the Dutch shipbuilding and ship repair industries, which in 1967 comprised a total of 252 mainly small companies.³¹

During the reconstruction the Dutch government strongly emphasized government-driven industrialization, in which a policy of guided wages was intended to ensure a comparative cost advantage. Following the economic growth in the 1950s and 60s, in 1963 both the policy of managed wages and this industrial policy were abandoned. Wages then rose rapidly, as a result of which the Netherlands became the country with the highest wages in relative terms. This increased costs, especially in labour-intensive industries (e.g. shipbuilding). As a consequence, employment declined rapidly in this sector from 1967.³² At the same time, awareness remained strong that a Depression as in the 1930s,

29 Warlouzet, *Governing Europe*, 13, 156-181.

30 D. Bosscher, ‘De oude en de nieuwe stad’, in: P. de Rooy (ed.), *De geschiedenis van Amsterdam. Volume IV 1900-2000* (Amsterdam 2007) 357-399, 351.

31 Numbers from: S. van der Velden, ‘The Dutch shipbuilding industry’, in: R. Varela, H. Murphy and M. van der Linden (eds.), *Shipbuilding and ship repair workers around the world. Case studies 1950-2010* (Amsterdam 2017) 221-246; Strath, *The politics of de-industrialisation*, 157.

32 J.L. van Zanden, *The economic history of the Netherlands* (London 1997), 81; Van Zanden, ‘The history of an empty box’, 184.

with high unemployment and widespread public discontent, was to be averted. Accordingly, the House of Representatives asked the government to launch an investigation into the shipbuilding industry, which in the 1930s still ranked in the top three globally in terms of production but had dropped to fourteenth place. The Keyzer commission, which comprised bankers, shipbuilders, trade unions, and government representatives, advised subsidizing shipbuilding, as was happening elsewhere in Europe as well. The second advice was to capitalize on the merges of Dutch shipbuilders, new production methods, and specialization.³³

As a consequence of the Keyzer advice, in 1968 the shipbuilder Verolme was forced by the Dutch government to take over the loss-making NDSM in exchange for government funding for a new dry dock to build super tankers, which were in great demand at that point. The director of NDSM (Goedkoop) later testified at the RSV inquiry that he definitely did not believe that this initiative could make the NDSM competitive again compared with the rapidly growing shipbuilding sector in Japan.³⁴ The plan went ahead nonetheless. Additional merges and concentrations soon followed and brought about a national champion: Rijn-Schelde-Verolme (RSV). All seven sisters merged, with ADM concluding the process in 1978. The most important argument for forming RSV was that it helped curtail surplus capacity. Soon, however, scaling back capacity became secondary to preserving jobs.³⁵

Amsterdam shipbuilders had to cover the losses of NDSM and were forced to specialize. Within the RSV context, NDSM was tasked with building new ships and ADM with repairing ships.³⁶ RSV CEO Dirk Stikker later testified that he would have preferred to shut down NDSM, but that this was not politically feasible: both the Amsterdam city council and the minister of Economic Affairs opposed such action.³⁷

This trend of concentration in response to ships being built at a lower cost in Southeast Asia occurred throughout Western Europe. The oil crises and the disappearance of demand for super tankers led the governments in for example France, the United Kingdom, and West-Ger-

33 Strath, *The politics of de-industrialization*, 158, 159.

34 Kamerstuk II 1984/5, 17718 (RSV inquiry), nr. 16, 30, 31 and nr. 21, 5.

35 *Ibid.*, 93.

36 Van der Velden, 'The Dutch shipbuilding industry'; Kamerstuk II 1984/5, 17718, nr. 16, 171, 172; C.P.P. van Romburgh and E.K Spits, *Nederlandsche Dok en Scheepsbouw Maatschappij* (Rotterdam 1996).

37 CEO Stikker in: Kamerstuk 1984/5, 17718, nr. 21, 1422.

many to resort to the same measures: ongoing concentration and government subsidies to preserve as many jobs as possible.³⁸

Dutch industry was deeply impacted by the oil crises across the board. In the textile, garment, and footwear industries, 70 percent of jobs disappeared in the period 1970-1984. The shipbuilding and machine building industries were ailing as well but received more aid, because they were considered to be core to Dutch industry and industrial policy. While this industrial policy had officially ended in 1963, that certainly did not mean that government intervention had stopped, although no policy plan was pursued here. This period is therefore also known as 'industrial policies without a plan.'³⁹ In a series of isolated actions, especially the labour-intensive companies were merged in the hope of bringing about larger, more competitive companies.⁴⁰ RSV was established in this context. This policy was also motivated by public opinion, which 'deemed unacceptable' firing people while sections of a company were still profitable.⁴¹ The government thus became increasingly involved and granted ever more funding to encourage companies to restructure.⁴² Between 1975 and 1985 about € 6 billion in state aid (2012 price levels) went to companies such as DAF, Volvo, Fokker, RSV, Stork, and Hoogovens.⁴³

In the Netherlands shipbuilding was the most heavily subsidized sector.⁴⁴ In the 1970s RSV incurred still greater losses due to plummeting demand because of the oil crises and increasing competition from Southeast Asia. Over the years, the government spent 2.7 billion guilders on state aid (valued at approximately € 2.3 billion in current purchasing power), without notifying parliament. When the subsidies toward restructuring failed to yield the desired result, the management of RSV increasingly came to see the problems as the responsibility of the government. After all, the government had demanded and paid for the restructuring, mainly to retain jobs. The management therefore expect-

38 Keulen and Kroeze, 'The rise of neoliberalism', 13-15.

39 Van Zanden, 'The history of an empty box', 185.

40 B. Dankbaar and E.-J. Velzing, 'Industriebeleid in Nederland', in: B. Dankbaar and T. van den Berg (eds.) *Samen toekomst met techniek* (Hoofddorp 2013) 7; H.J. Hesselink, *Strategische besluitvorming in een neergaande bedrijfstak. Onderzoek naar de strategische maatregelen in de KRL textiel-industrie in de periode 1950-2000* (Enschede 2010) 180-182, 263-266.

41 K. Sluyterman, *Kerende kansen. Het Nederlandse bedrijfsleven in de 20^e eeuw* (Amsterdam 2005) 249.

42 Ibid.

43 Van Zanden, *Economic history*; Dankbaar and Velzing, 'Industriebeleid in Nederland', 9.

44 Van Zanden, 'The history of an empty box', 187.

ed that additional subsidy would be forthcoming. Chairman of the RSV Board of Supervisory Directors Jan de Vries bluntly asserted during the inquiry that RSV was a 'social workplace' in that period:

We were not trying resolve the deficiencies of a thriving commercial enterprise. We were trying to find an acceptable way of keeping a great many workers active. Even then, groups were already hanging about in the cafeterias. That cannot have gone unnoticed by anybody.⁴⁵

By December 1977 the situation had deteriorated further. Any hope that the economic recession would be temporarily vanished after the second oil crisis at the end of the 1970s. In addition, RSV still had not managed to curtail costs and boost income by increasing productivity and efficiency. Building super tankers proved to be a bad decision, and the losses of this division heavily impacted the results of RSV as a whole.

A new policy commission comprising civil servants, shipbuilders, and trade unions was formed to draft new plans to reduce surplus capacity. In 1978, this commission unanimously advised closing the weakest shipyards, but that soon led to the North-South contrast. The decision to close Amsterdam's NDSM (North) and keep the Rotterdam shipyards (South) open was fiercely resisted in Amsterdam and caused the trade unions to disintegrate. The Amsterdam representation left the policy commission in protest.⁴⁶ This seriously eroded the leverage of the trade unions.

Then in 1978, in a widely publicized strike in Amsterdam the local chapter of the NKV-NVV (from 1981 the FNV) was aided by a broad coalition comprising the city council and all its constituent groups and supported by a range of solidarity actions, such as by civil servants from neighbouring municipalities and the women's movement. The strike coincided with the Provincial Council elections and therefore received a great many visits from national political figureheads who spoke out against the closure of the Amsterdam shipyard, thereby providing the strikers with additional support. Even then, some of the criticism targeted the role of the EEC, which was believed to be the driving force behind closing the shipyards.⁴⁷ During the protests the Amsterdam city council agreed to invest in NDSM. Alderman Enneüs Heerma (Christen-Democratisch Appèl, CDA) and the trade unions drafted a plan pro-

45 Kamerstuk II 1984/5, 17718, nr. 21, 1185.

46 Strath, *The politics of de-industrialization*, 163, 164, 173-175.

47 Van Romburgh and Spits, *Nederlandsche Dok en Scheepsbouw Maatschappij*, 62.



Illustration 1 On the public gallery of the House of Representatives Amsterdam aldermen Schaefer (l, PvdA) and Heerma (r, CDA) watch the deliberations between the House of Representatives and Minister of Economic Affairs Van Aardenne (VVD) on additional aid for ADM, 19 January 1983 (source: photo by Rob C. Croes, photo collection Anefo, National Archive).

posing that the ADM, which was considered to be the most profitable, would take over parts of NDSM.⁴⁸

As a result, part of NDSM was saved by assigning 400 of the total of 3,000 NDSM employees to the new company NSM (Nederlandse Scheepsbouw Maatschappij). Another 950 employees transferred to ADM as part of a social plan, and the rest was made redundant or took early retirement.⁴⁹ The Dutch state and Amsterdam became shareholders of NSM; Amsterdam purchased shares to match the number held by the Dutch state and acted as co-guarantor for loans.⁵⁰ NSM was promised orders from RSV, ‘a commitment that the ministry and RSV already knew probably could not be honoured by October 1978,’ concluded the RSV committee of inquiry afterwards.⁵¹

48 ‘Amsterdam wil in nieuwe werf delen. Nieuwe hoop voor NDSM’, *NRC Handelsblad* 11 September (1978); ‘Amsterdam bereid tot steun werfcombinatie’, *De Telegraaf* 11 September (1978) 1.

49 Strath, *The politics of de-industrialization*, 178.

50 Kamerstuk II 1980/1, 14969, nr. 65.

51 Kamerstuk II 1984/5, 17718, nr. 16, 487.

Restored faith in the European Competition Directorate

Nor had EC officials in Brussels been idle, as by the 1970s the shipbuilding industry faced severe economic difficulties in all member countries of the European Economic Community at the time.⁵² For years national and local authorities in Western Europe had been subsidizing the shipbuilding industry in their countries. Like in the Netherlands, subsidies were granted, provided that shipbuilders merged, restructured, and operated more competitively to preserve jobs. As these interventions yielded ever more disappointing results, preserving employment became the most important justification for state subsidies.⁵³ This was among the reasons for the increasingly critical notes from the European Commission.

Although scaling back state aid to shipbuilding had already been agreed in the Treaty of Rome in 1957, the European Commission long did little to eliminate state aid. In fact, the European Commission was relatively helpless with respect to the member states in this matter, because they – in some cases knowingly – did not notify the European Commission or did so too late. This was all the more true for industries under pressure such as steel, textile, and shipbuilding.⁵⁴ The Netherlands was no exception here.⁵⁵

In early 1980 this changed, due to a considerable extent to the advent of the new Euro Commissioner for Competition, former Dutch Minister of Finance Frans Andriessen (CDA), who introduced changes to state aid and competition that helped ‘restore faith’ in and within the Directorate-General IV Competition. Andriessen recalled: ‘The DG Competition was entirely closed. My predecessor appears to have been a fairly closed man. So I opened everything up.’⁵⁶ Andriessen appointed a new director general, Manfred Caspari from Germany, in part because he was ‘more open, he was more of an entrepreneur who was very knowledgeable about what was actually happening in economic practice, not simply at an abstract level but in actual economic practice.’⁵⁷ Caspari presented a clear agenda for reforming state aid, because in his

52 Strath, *The politics of de-industrialization*.

53 Keulen and Kroeze, ‘The rise of neoliberalism’.

54 K. Middlemas, *Orchestrating Europe. The informal politics of the European Union 1973-95* (London 1995) 503.

55 Kamerstuk II 1984/5, 17718, nr. 16, 247.

56 Historical Archives of the European Union (hereafter HAEU), Oral History, Interview Frans Andriessen, 6; via https://archives.eui.eu/en/oral_history.

57 HAEU Interview Andriessen, 9.

view ‘this sector has been utterly disregarded, and powerful intervention is necessary.’ This gave rise to an ‘economic and intellectual context,’ in which forceful policy on competition and state aid emerged.⁵⁸ And under the aegis of Andriessen and Caspari state aid was rejected fourteen times within four years, while in the quarter century before that it had been prohibited in only 21 cases.⁵⁹

In these decisions they received considerable support from the European Court of Justice, which in a series of rulings acknowledged the European Commission as exclusively responsible for decisions on state aid. In 1980, the Netherlands was explicitly reprimanded by the European Court of Justice in the renowned Philip Morris ruling. The Court of Justice ruled that state aid was allowed only for the purpose of achieving Community objectives. According to the treaty, this applied only in areas where the standard of living was abnormally low and unemployment high. Because the Netherlands was doing considerably better than the European average in this respect, state aid for the Dutch shipbuilding industry was therefore already unacceptable. Above all, however, the ruling is seen as a *‘political landmark ... a public statement about DG IV’s right to restrict the freedom of national and subnational aid-donors in choosing where and when to grant subsidies,’* as Thomas argues.⁶⁰ From 1983, Andriessen moreover started demanding that illegal state aid be refunded. In the well-known Boussac judgement, the court confirmed that France had to repay 300 million francs, which would have been inconceivable until a few years earlier.⁶¹

The new neoliberal ideas about state aid were tested first in sectors where the Commission had traditionally been involved via the Rome Treaty: the steel and shipbuilding industries. In the words of Caspari, both were ‘non-essential’ sectors with an ‘amazing surplus capacity’ and were protected from unemployment via national aid measures. The shipbuilding industry was the greatest cause for concern.

By 1981 Andriessen already warned the European Parliament in a speech about the shipbuilding industry: ‘a type of “subsidy mindset” in which this sector becomes permanently reliant on huge government support to remain operational should be averted. That would degrade this

58 Middlemas, *Orchestrating Europe*, 503-504; Warlouzet, ‘Competition’, 295-296.

59 Middlemas, *Orchestrating Europe*, 504.

60 K.P. Thomas, *Competing for capital. Europe and North America in a global era* (Washington 2000) 113, 114.

61 J.J. Piernas López, *The concept of state aid under EU Law. From internal market to competition and beyond* (Oxford 2015) 195.

sector and would not be sustainable in the long run.⁶² To restructure the shipbuilding industry, DG IV decided to approve a ‘rationalization cartel to dismantle capacity’ but stipulated that ‘as long as the market recovery measures remain force, not a penny [of state aid] will be approved.’⁶³ Moreover, perception of the market had changed within the Commission, and the problems in the shipbuilding industry came to be regarded as ‘structural rather than cyclical.’ In two directives for granting support to the shipbuilding industry from 1981 and 1987, the state aid measures allowed were rapidly scaled back. The European Commission calculated that this would cause about 30,000 jobs to disappear by 1990.⁶⁴

Biting the bullet: Reconsidering aid to the shipbuilding industry (1981-1982)

From 1980 onward, Dutch policy on the shipbuilding industry changed rapidly. First, the Ministry of Economic Affairs started deferring and scaling back requests for aid in the wake of the Philip Morris ruling. This gave rise to tensions between the authorities, shipyard owners who continued to request aid, and the trade union movement, which lost faith in restructuring. In 1981 the largest trade union the FNV left the tripartite consultation organized between the national government, shipyard owners, and trade unions. As a consequence, it lost leverage in the social policy agreed in the event of closures. Despite protests, trade unions no longer had a true role in policy.⁶⁵

This change of course launched by the Ministry of Economic Affairs was decided not on legal grounds alone but also on ideological ones. This ideological penchant first surfaced in the Studiegroep Begrotingsruimte [Study Group on Budgetary Space] (1978) and then in the Reconsiderations (1981), a series of official spending review reports written under the aegis of the Ministry of Finance and featuring proposals to abandon indiscriminate spending cuts across the board and instead introduce drastic policy changes. To this end, thirty policy fields were examined, and in each one a plan was drafted to cut spending by 20 percent. One of the Reconsideration reports addressed the shipbuilding sector. The official commission concluded ‘that the political choice is

62 Andriessen, quoted in: Kamerstuk II 1984/5, 17718, nr. 16, 247.

63 HAEU Interview Caspari, 19.

64 López, *The concept of state aid*, 55, 56.

65 Strath, *The politics of de-industrialization*, 180.

to scale back gradually to avert serious disruption between social partners. Determining the price to be paid is a political matter. (...) Given the economic prospects envisaged, question arises as to whether the price paid in this respect in recent years will be possible to cover in the future, or whether this is advisable in relation to the economic order.⁶⁶ The Reconsiderations are called the ‘mother of all operations’ and came to fruition during the Lubbers I government (1982-1986) in the Grote Operaties [major operations] series, of which the most widely known were privatization and the 2% budget cut operation.⁶⁷

These reports also served as the foundation for another unique report, *De zure appel* [Biting the bullet], which in 1982 was sent as unsolicited official advice by the secretaries general of Finance and Economic Affairs to Prime Minister Van Agt and contained proposals for sweeping reforms, to be implemented by the new government that would be formed after the 1982 elections. Especially Frans Rutten, who as secretary general of Economic Affairs was one of the authors of *De zure appel*, was one of the most important and most outspoken official heralds of neoliberalism in the Netherlands. In his New Year’s articles in the journal *Economisch Statistische Berichten* (ESB), he decried the ‘economic profession,’ which through ‘simplistic Keynesian models [has] helped give rise to the euphoria that macro-economic measures of the government can secure full employment and “full” use of production capacity. This mistake has more than an abstract significance; as it was conducive to centralism and as such eroded the individual responsibility of companies and workers.’⁶⁸ His plan was a limited state that focused on monetarist monetary policy and on restoring competition and a free market. The latter was to become the main pursuit of the EEC as well.⁶⁹ The same message had already been conveyed by Rutten as secretary of the Wagner I commission, an advisory commission formed by Minister of Economic Affairs Gijs van Aardenne (1977-1981, 1982-1986, VVD) comprising employers and employees under the aegis of former Shell CEO Gerrit Wagner, who published the broadly supported report *Nieuw industrieel elan* (1980) about the reorientation of industrial policy. How fundamentally this differed from the policy pursued thus far is clear from the perspective on employment: ‘Employment is not our first

66 Kamerstuk II 1980/81, 16625, nr. 31, 22.

67 F.K.M. van Nispen, *Het dossier heroverweging* (Delft 1992) 9.

68 F.W. Rutten, ‘Prioriteit voor werkgelegenheid en economische groei’, *ESB* 5 January (1983) 4-7, 5.

69 Cf.: F.W. Rutten, ‘De nationale economie is in groot gevaar’, *ESB* 7 January (1981) 4-7, 7; *Ibid.*, ‘De kern van de afbraak’, *ESB* 6 January (1982) 4-7, 5.

priority. We do not believe that industrial policy should be devised as a panacea for employment,' explained member Harrie Langman, continuing that instead collective costs should be reduced and (private) investments increased.⁷⁰ In *De zure appel* RSV was presented as an example of unsuccessful Keynesian policy on subsidies. It was, argued the authors, one of the most 'obvious examples of degradation.' They perceived a 'fundamental deterioration of the market economy' that could be resolved only through 'tough, seemingly anti-social measures,' including 10 billion guilders of spending cuts annually.⁷¹ These could be accomplished by the measures to cut spending from the Reconsideration reports.⁷²

This rationale was largely adopted in the Lubbers I governing agreement, in which promoting competition, the most important spearhead from the second neoliberal wave, became a major objective of government policy. 'Aid will be granted very cautiously to individual companies, due to scarce government resources and the danger of distorting competition.' The influence of Philip Morris is clearly visible in the text: support remains possible only in 'areas where unemployment clearly exceeds the average.'⁷³

This neoliberal change had been initiated previously in the policy of the Ministry of Economic Affairs. During the Van Agt I government, Minister Frans Andriessen (CDA, 1977-1980) had already been trying to avert new requests for aid in the shipbuilding industry. This was during a period that the European Commission described as a 'crisis within the crisis,' in which surplus capacity continued to rise while orders and prices declined still further.⁷⁴

While ministries and ministers increasingly pursued a neoliberal course, the House of Representatives remained unconvinced. In February 1981 after successful lobbying by the City of Amsterdam and the trade unions, the House of Representatives unanimously requested a new aid package for Amsterdam's NSM shipyard. The municipality had presented a rescue plan totalling 25 million guilders, but Minister of Economic Af-

70 M. Varisli, *Grenzen aan de groei? Sociaal-economische debatten in Nederland in de jaren 1971-1983* (history masters essay, UvA 2018) 61.

71 Van Grinsven, 'De zure appel', 63.

72 Van Nispen, *Het dossier*, 119.

73 Kamerstuk II 1982/83, 17555, nr. 7, 30.

74 Report from the Commission to the Council on the state of the shipbuilding industry in the Community. Situation at the beginning of 1985. COM (85) 548 final, 22 October 1985. Available via (online) Archive of European Integration of the University of Pittsburgh (AEI), <http://aei.pitt.edu/id/eprint/8834>.

fairs Van Aardenne refused to approve it. In his view, ‘for commercial reasons, [the proposal] offer[ed] insufficient prospects going forward to justify additional support.’ If the municipality preferred to move ahead with the plan anyway, he would ‘divest’ state-owned shares in NSM. He did not expect the plan to be viable, because he envisaged problems obtaining the requisite approval from the European Commission. ‘Remarkably, the day the plan of the City of Amsterdam was publicized, the commission services already expressed their concern orally,’ explained Van Aardenne.⁷⁵ The House of Representatives was furious about this letter it received from Van Aardenne, and all parties condemned this reprimand.⁷⁶

Such action had no effect in Brussels, however: DG IV became increasingly influential. This became clear in December 1981, when the European Commission launched a preliminary investigation on the suspicion that state aid had been granted to NSM and ADM wrongfully in the past. The government ‘regretted’ this step, believing that it had always notified the Commission about the aid packages. Officials at Economic Affairs had also talked about this during their monthly discussions about the shipbuilding industry with the other member states and the European Commission. Previously, other member states had never objected to the aid.⁷⁷ Nor did the view of the European Commissioner change when Van Aardenne met with Andriessen on 27 January 1982. Andriessen believed that ‘unacceptable’ support had been granted to both NSM and ADM.

That same year ADM once again requested new support from the municipality and the State. ADM needed 36 million guilders to continue operating. The City of Amsterdam agreed to lend half this amount, but Van Aardenne refused to contribute the other half. In his opinion, the size of the Amsterdam harbour justified a repair yard such as ADM. His reason for withholding support nonetheless was the study by DG IV. The Directorate General informed Van Aardenne that a loan to avert imminent bankruptcy would not be approved, and that aid measures granted in the past were still under investigation.⁷⁸ In October 1982 Andriessen had launched an official investigation into possibly unauthorized state aid to this end.⁷⁹ As the European Commission was starting its investi-

75 Kamerstuk II 1980/1, 14969, nr. 60, 63.

76 Kamerstuk II 1980/81, 14969, nr. 66.

77 National Archive (NA) 2.06.107, Ministerie van Economische Zaken: Directoraat-Generaal voor de Buitenlandse Economische Betrekkingen. 5595, De Nederlandse Scheepsbouwindustrie 1980-1983. Telexes to DG IV, no date [December 1981?]; 20 January 1982.

78 Kamerstuk II 1982/83, 17600XIII, nr. 15.

79 NA 2.06.107, 5596. Formal notification of the EC, 13 October 1982; NA 2.08.107, 5595. Telex to Commissioner Andriessen, 31 January 1983.



Illustration 2 ADM workers protesting on the Binnenhof [Dutch parliament courtyard] meet Minister of Economic Affairs Van Aardenne (VVD), 8 December 1982 (source: photo Rob C. Croes, photo collection Anefo, National Archive).

gation, the officials at Economic Affairs were already convinced that a change in policy was needed, as became clear as well from the Reconsideration and the *Zure appel* report. They conveyed this throughout Europe as well. From 1982, they told their European peers at the monthly meetings about the shipbuilding industry that by 1985 all aid to the shipbuilding industry would be discontinued. Dutch officials now explicitly supported the European Commission in proclaiming the sixth directive as quickly as possible in order to avert a ‘situation of state aid anarchy.’⁸⁰

The RSV Inquiry as a catalyst: State aid is banned, 1983-1986

From the start of the Lubbers I government in 1982, the new neoliberal policy on state aid started to be proclaimed with a vengeance. This government crew of ‘managers in politics’ openly derived inspiration from corporate management methods and management consultants from McKinsey in particular. Member of the opposition Ria Beckers (Political Partij Radikalen, PPR) argued with some merit in the debate

⁸⁰ NA 2.06.107,5595. Report 10 June 1982, 1.

about the government statement ‘that with the Lubbers council of ministers the Dutch government had become one big McKinsey firm.’⁸¹ McKinsey is frequently mentioned as a disseminator of neoliberal ideas in the 1980s.⁸² The firm deeply influenced Dutch governance as well. In the 1970s and 80s different ministries in The Hague were organized by McKinsey and (un)solicited advisory reports were incorporated in policy.⁸³ This neoliberalism is traceable to one of the founders of modern management theories: Austrian neoliberal Peter Drucker.⁸⁴ Drucker received the most (seven) McKinsey awards for authoring the best article in the *Harvard Business Review*. Propagating corporate management ideas is regarded as one of the most distinctive features of the neoliberal era.⁸⁵

Shortly before the government formation during the pioneering NIVE spring day of the Nederlands Instituut voor Efficiency, Pieter Winsemius (minister in the Lubbers I government but at the time still a partner at McKinsey) and Frans Rutten explained how management fit within the neoliberal reform agenda.⁸⁶ Disapproving of Keynesian macro-economic planning, Rutten advocated restoring economic efficiency via micro management. ‘One of the basic principles of economic science and of the organizational theory in particular is moreover that in an organization not every detail needs to be decided at the top of the organization. (...) Far too many detailed problems – for example relating to companies in need – are dealt with in The Hague at the Binnenhof [the location of Dutch government and parliament]. (...) Entrusting decisions to entrepreneurs and employees more frequently would benefit the efficacy of our economy. It would also be more compatible with the ideals of democracy.’⁸⁷ He continued:

Reversing trends and discontinuing degradation increases the burden on management in some respects. Entrepreneurs rightly value their own responsibility. They need to rise to the task, however, under difficult cir-

81 Keulen and Kroeze, ‘Managerpolitiek’; S. Keulen, ‘1982: Managers in de politiek’, in: L. Heerma van Voss et al. (Ed.) *Wereldgeschiedenis van Nederland* (Amsterdam 2018) 689-695, 689.

82 J. O’Mahoney and A. Sturdy, ‘Power and the diffusion of management ideas. The case of McKinsey & Co.’, *Management Learning* 47:3 (2016) 247-265.

83 For examples, see: S. Keulen, *Monumenten van beleid. De samenwerking tussen Nederlands rijksoverheidsbeleid, sociale wetenschappen en politieke cultuur, 1945-2002* (Hilversum 2014) 188, 191, 199, 217.

84 D. Stone, *Goodbye to all that? The story of Europe since 1945* (Oxford 2014) 181.

85 M. Eagleton-Pierce, *Neoliberalism. The key concepts* (London 2016) 114.

86 See also: Keulen, *Monumenten van beleid*, 179-228.

87 F.W. Rutten, ‘Bevordering van een efficiënte werking van onze nationale economie’, in: *Management in perspectief* (The Hague 1982) 7-17, 14, 15.

cumstances and in difficult fields, such as with restructurings and wage formation. Good and courageous managers have a key role in getting our economy back on track.⁸⁸

Here, Rutten presented management, including the role that individual managers should assume instead of the government, as a micro-economic solution to macro-economic issues.

The immense faith in this new type of management theory and management consultancy became clear in the final stages of RSV. From the formation of the Lubbers I government in 1982, Van Aardenne rapidly increased pressure on RSV, which was on the verge of collapse. Van Aardenne made clear that government loans would be possible, only if the entire board agreed 'to retain McKinsey and to follow all recommendations from this firm, provided that they were approved by the government.' The guidance group of civil servants that was to oversee the restructuring on behalf of the government would be chaired by McKinsey as well.⁸⁹ This relatively new actor was thus assigned an important role that already elicited criticism among some sources at this time.⁹⁰ On 25 January 1983 under the aegis of McKinsey, the project group presented its shocking final report to the most concerned members of the government. Of the 28 companies that constituted the RSV conglomerate, only seven were profitable at that point in time. Or, as one of the project group members described the group, the problem was that 'RSV does not consist of some good and some bad apples. Hardly any apples are unblemished.' In 1983 alone, half a billion guilders was needed to keep the company afloat. Over the following years, this amount increased to annual contributions of 650 million guilders. 'Without this external funding, total collapse of the group was inevitable.'⁹¹ Even with that support, a considerable share of the employment was in jeopardy: 10,000 jobs might be lost. The conclusions were quickly adopted: only a week later the government decided to stop allocating funds to the RSV group. That same week, the conglomerate had to file for a suspension of payments and collapsed like a house of cards. One month later, the House of Representatives decided for the first time

88 Ibid., 15.

89 Kamerstuk II 1984/5, 17718, nr. 16, 422, 423.

90 See e.g.: 'CPN-fractie vraagt parlementaire enquête over RSV', *De Waarheid* 11 February (1983) 1. Some also expressed dissatisfaction about the role of McKinsey in policy changes during the preceding and subsequent years: 'McKinsey', *De Waarheid* 15 December (1976) 3; 'Werven: Minister breekt nu de geherstructureerde scheepsbouw af', *NRC Handelsblad* 3 May (1985) 11.

91 Kamerstuk II 1984/5, 17718, nr. 18, annex 74.

since the inquiry about the Second World War to launch a parliamentary inquiry about the fate of RSV.

Meanwhile, Andriessen relentlessly pressured the House of Representatives by noting continuously that the European Commission ‘very closely monitore[d] measures to grant aid in the member states.’ Because earlier aid measures ‘had yet to be approved at the time,’ they might need to be repaid. And, the minister told the House of Representatives: ‘If the Commission withholds approval, approval of additional support operations is to be regarded as virtually out of the question.’⁹²

In this context parliament also started to question whether Keynesian support policy was desirable. While in 1981 Van Aardenne elicited fierce disapproval throughout the House of Representatives for denying support, the government parties were considerably more sceptical the next year. In a debate on 8 December 1982, with the Amsterdam city council observing from the public gallery, the Christian-Democratic CDA and the liberal Volkspartij voor Vrijheid en Democratie (VVD) expressed entirely different views. ‘The VVD group has declared its opposition to financial government aid to individual companies,’ was the line at this point. ‘Distortion of competition is virtually always the unintended by-product of this type of aid, and distortion of competition is truly not the only objection,’ argued VVD spokesman H.H. Jacobse.⁹³ However, not everyone agreed. The largest opposition party, the social-democratic Partij van de Arbeid [Labour Party] (PvdA), argued with the rest of the opposition that a repair yard was a ‘public service,’ and whether it was operated publicly or privately made no difference. The party found it ‘bad policy and incomprehensible that the minister (...) raises objections (...) that the European Commission might have. This is not done. You do not raise objections, if you want to continue an operation. You do not raise objections, if you want to pursue a policy with a positive focus.’⁹⁴

In January 1983 a report was presented from a commission of ‘wise men’ that had been requested unanimously by the House of Representatives. The report conveyed a dismal impression of the outlook for that company. Keeping the shipyard open would in any case require a grant of 50 million guilders, without any signs of market recovery. Van Aardenne rejected this, ‘given the national responsibility,’ the minister

92 Kamerstuk II 1982/83, 17600XIII, nr. 15.

93 Handelingen II 1982/83 1019, 1020.

94 *Ibid.*, 1018.

could not issue a new subsidy.⁹⁵ In the ensuing debate in the Senate, Van Aardenne explained his decision as follows:

Brussels disapproves of such matters. And rightly so, as that is where government aid is assessed, and whether that support comes from the national government or from the municipality matters little in that case. What matters is the assessment of possible distortion of competition.⁹⁶

In Amsterdam this decision left the city council dumbfounded. Aldermen Heerma (CDA) and Jan Schaefer (PvdA) had just conducted a 111-hour fundraising campaign in front of the TV cameras from the porter's lodge at ADM to rescue ADM. Workers and the public had come to the city hall to donate funds toward keeping the shipyard open. The missing 15 million guilders were found, because the city had purchased two floating docks from the shipyard to lease them back.⁹⁷

The European Commission was not informed about this latest aid operation but soon heard about it and included it in its final conclusion of 28 April 1983. In this remarkable decision Commissioner Andriessen approved government aid for ADM, because it coincided with dismantling the entire RSV group. 'Getting the commission to decide about ADM took considerable effort. I do not expect major problems obtaining approval for the RSV operation, specifically because so much is being trimmed. I have not, however, discussed this yet, although I have informed Commissioner Andriessen about the problems, insofar as he had not already learned about them from the newspaper,' explained Minister Van Aardenne in the House of Representatives.⁹⁸

That Dutch civil servants did not manifest as neutral followers of the political leadership became clear from their internal expression of their dissatisfaction: they were very surprised that support to ADM had been granted. And they were not alone in this view. At the monthly discussion between national officials and the European Commission about the shipbuilding industry, the German delegation asked how support for ADM could possibly have been approved. The Commission for civil servants explained that this was because ADM was the only repair yard, and that support entailed job reductions and, to the astonishment of Eco-

95 Ibid., 1603; Kamerstuk II 1982/83, 17600XIII, nr. 25.

96 Handelingen I 1982/83, 531.

97 I. Bos, 'Enneüs Heerma', *Groene Amsterdammer* 40:5 (1994); Kamerstuk II 1982/83 17600XIII, nr. 135, 3, 4.

98 Handelingen II 1982/83, 3700.

conomic Affairs, also because ‘(remarkably) support from the lower government has been curtailed.’⁹⁹ Presumably in part for this reason, despite the absence of objections from the European Commission, Van Aardenne did not resort to offering the ADM or other shipyards new support from the national government. This reveals that the disapproval from civil servants had an impact. At the same working group meeting the Dutch civil servants reported that within the year the Netherlands would conclude the last state aid. Because ‘given the predicament of the shipbuilding sector globally, any national support is in fact wasted. A national solution to the problems is therefore no longer possible.’¹⁰⁰ The second reason was that the largest recipient of state aid, the RSV group, was bankrupt by then. After all, in February 1983 RSV had gone bankrupt. This bankruptcy simplified the decision to block additional state aid immediately.

The parliamentary inquiry into the RSV debacle launched in March 1983 by then offered a disconcerting impression of cooperation between private industry and government. Televised summaries of public examinations drew ever-greater audiences. Those concerned had difficulty providing a credible account of what RSV had done with all the money, and how it had operated, different examinations led to great amusement and disenchanting conclusions about the ‘RSV show.’¹⁰¹ In December 1984 the parliamentary committee of inquiry comprising members ranging from the far left Communistische Partij Nederland (CPN) to the staunchly conservative Calvinist Staatkundig Gereformeerde Partij (SGP) reached a common conclusion to abandon Keynesian state aid to RSV. Despite support for the policy throughout the House of Representatives in previous years,

it is doubtful whether the struggle to keep the shipbuilding capacity, which had been loss-making for years, operating as long as possible on social grounds is an acceptable policy. (...) After all, the problems were not temporary but structural. Economic recovery did not mean that Dutch shipbuilding would become viable. (...) [E]fforts to keep as many shipyards open as long as possible were an ongoing source of uncertainty and resulted in a long series of disillusionments.¹⁰²

99 NA 2.06.107, 5596. Report 7 June 1983.

100 NA 2.06.107, 5596. Reports 7 June and 21 September 1983.

101 R. Kroeze and S. Keulen, “More exciting than Watergate, more real than Dynasty”. Transparency’s rise: the Dutch RSV-inquiry and the context of the 1980s, in: J.I. Engels and F. Monier (eds.), *History of transparency in politics and society* (Göttingen 2020) 137-152.

102 Kamerstuk II 1984/5, 17718, nr. 16, 462.

For the House of Representatives, the parliamentary inquiry was a catalyst to end the employment-oriented Keynesian policy and to give free reign to market forces. The inquiry confirmed a change in industrial policy previously launched by the minister and his officials. In this new course, according to economic historian Van Zanden, non-intervention became the norm.¹⁰³ On this vein, politics followed up on the neoliberal reports of the aforementioned Wagner commission, as well as on reports such as *Plaats en Toekomst van de Nederlandse industrie* (1980) by the Netherlands Scientific Council for Government Policy, which similarly advocated a more market-oriented industrial policy.¹⁰⁴

Between 1983 and 1986 the RSV group was divided into six companies, which did not always prove as stable and as profitable as hoped. This also held true for NSM and ADM. The Amsterdam city council continued to do its best to preserve jobs at both companies, but new efforts to procure loans and aid from the national government were futile.¹⁰⁵ The NSM never recovered and was declared bankrupt in May 1984. Amsterdam Alderman Heerma made one last effort to get the shipyard back on its feet, but that was unsuccessful as well.¹⁰⁶ The ADM fared hardly any better. In January 1985 it could no longer make payroll. Minister Van Aardenne reported that ‘in a state of imminent bankruptcy the current financiers, i.e. the banks, are primarily in charge (...)’ and ‘no contribution to the short-term preferential loan will be forthcoming from the national government.’¹⁰⁷

Van Aardenne explicitly presented this as one of the lessons learned from the RSV inquiry. Most parties in the House of Representatives now shared this view. The PvdA spoke of ‘the inevitable bankruptcy.’¹⁰⁸ D66 emphasized: ‘We know the RSV history. It appears that some lessons have been learned from what happened. However, mistakes seem to have been made as well. Bankruptcy is inevitable for the ADM. Everybody acknowledges that, right through the trade unions.’¹⁰⁹ The new neoliberal adage clearly resounded in the contribution from the CDA as well. The party advocated a solution that ‘had rock-solid foundations, based on market conformity and focused on a promising return.’¹¹⁰

103 Van Zanden, ‘History of an empty box’, 188.

104 Zie hiervoor: Varisli, *Grenzen aan de groei?*

105 Kamerstuk II, 1984/85, 18600XIII, nr. 87.

106 ‘Oud-Shell man bekijkt werf NSM’, *NRC Handelsblad* 1 June (1984) 13.

107 Kamerstuk II 1984/85 18600XIII, 87.

108 Handelingen II 1984/85, 2803.

109 *Ibid.*, 2802.

110 *Ibid.*, 2805.

Only among the small leftist opposition parties did some still advocate Keynesian aid measures. MP Willems (PSP): ‘Let me reiterate that this does not mean that granting support is generally ill-advised. That is, however, the sentiment that looms following the RSV disaster. We believe that granting support can be very sensible.’¹¹¹ But the ADM repair yard did not receive any additional aid from the national government and closed within a month, in February 1985. During the years that followed remnants of the RSV group closed or were bought up by private parties and restructured.

Conclusion

The closure of the Amsterdam shipyards figures within a European pattern of scaling back state aid to loss-making shipyards. In all member states the policy of merges and centralization to preserve jobs was supplanted by one aimed at free-market competition. In the United Kingdom between 1977 and 1987 this meant that 82,000 jobs were eliminated in the shipbuilding industry, which until the start of Thatcher’s government (1979-1990) were virtually all within a single nationalized firm. In France the shipyards had also merged to form conglomerates that were not supposed to compete with another. In the 1980s, however, the French government was forced, in part at the urging of the European Commission, to intervene at shipyards where up to 90 percent of construction was subsidized, as the French central Court of Audit calculated that declining orders and paying unemployment benefits would cost less than building ships. In West Germany the Commission also launched investigations into state aid to the merged shipyards, with the federal government facing off against states eager to provide funding, such as Bremen.

Based on the Dutch case, our study reveals that various levels of government promoted and opposed these changes: local, national, and European. The interaction and dynamics arising in the process proved relevant for the subsequent course of events. The advent of a new actor in politics changed the playing field rather abruptly. The European Commission, especially DG IV Competition, which became highly influential, was pivotal in this transformation. The ideological mindset that DG IV propagated in the 1980s dates back to the first wave of neoliberals. Dutch Commissioner Andriessen encouraged this change.

¹¹¹ *Ibid.*, 2801.

Other actors and factors need to be considered as well to understand why the Netherlands was one of the first European countries where Keynesian-oriented state aid was replaced by neoliberalism. This happened in part because the neoliberal discourse had already gained currency within the ministries of Finance and Economic Affairs. Senior civil servants delivered lectures and drafted reports aimed at convincing MPs to accept reconsiderations based on neoliberal ideas. The second factor underlying the rapid acceptance was the specific bond between the European Commission and the Netherlands: change-minded Commissioner Andriessen was from the Netherlands, and the Netherlands was reprimanded by the European Court of Justice in the Philip Morris case. Under these circumstances, Dutch officials already receptive to such change became more convinced that a neoliberal course – i.e. discontinuing state aid – was necessary, as personal conversations and regular meetings with European colleagues illustrate. And when these European officials appeared to be backing down – in 1983 they approved support from the City of Amsterdam for ADM – the Dutch officials at Economic Affairs vented their discontent about this and together with their minister invoked European competition legislation to justify the desire to discontinue aid from the national government. Far more than from political circles, therefore, civil servant officials and the European Commission exerted early and continuous pressure to resort to change.

Certainly, from the start of the Lubbers I government in 1982, the Dutch ministers, such as Van Aardenne, who was driven by his civil servant officials, were receptive to the European pressure, because it aligned with the agenda of cutting public spending to favour private industry and encourage privatization as a means of emerging from the economic recession. That the Lubbers government resembled a McKinsey bureau, as was seen upon its presentation, proved to have an effect too. McKinsey was a well-respected consultancy firm, one of the best-known trailblazers of neoliberal views, which they presented as the only right choice, and imparted its ideas in its role as advisor to the Ministry of Economic Affairs. In addition, the minister explicitly granted McKinsey this opportunity. The management mindset that McKinsey propagated was appealing, because it stressed the role of individual consultants, managers, and entrepreneurs in correcting economic shortcomings and thereby offered a micro-economic alternative to the Keynesian macro-models of central planning and state aid that became progressively less convincing in a period of stagflation.

Politics was the last level that changed to adopt the neoliberal discourse. When leading civil servants and ministers were ready to renounce state aid, the entire House of Representatives still wanted to support the Amsterdam shipyards. Although preferences shifted from 1982, the RSV inquiry served as a catalyst, because it shed a disconcerting light on the vast scale and ineffectiveness of state aid. It paved the way for the conclusion that Keynesian policy – massive government aid to preserve jobs – was no longer deemed acceptable by the main political parties. State aid was no longer seen as supportive to social welfare – the old Keynesian argument – but came to be viewed as disrupting the market and undermining competition and as unprofitable – the neoliberal argument. In the Dutch case acceptance of the new paradigm took about five years – relatively quickly compared with other West-European countries. This was because of the interaction between those active at different *governance* levels, together with several supportive circumstances that were specific to the Netherlands, such as the Philip-Morris ruling and the impact of the RSV debacle.

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