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ARTICLE

A Dual Entity: The European Investment Bank and Its Lending Policy from Its Origins to the Late 1970s

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By reconstructing the lending policy of the European Investment Bank (EIB) from its inception in 1958 to the late 1970s, this article shows that, until the 1970s, the EIB did not pursue EEC (European Economic Community) policies but policy elaborated at the national level. The individual member states' political priorities and preferences played a key role in shaping the loan operations and the bank's loans were used rather more individualistically by each community country in pursuit of national aims. This situation started to change in the 1970s when internal and external developments to the EEC redeployed and refocused the methods and objectives of the bank so that lending progressively became the result of the interplay between EEC institutions. Gradually, the EIB moved away from being a mere member state's tool to pursue individual national policies, transformed into an EEC policy-driven bank and it became the financial arm of the EEC.

Introduction

Since being set up in 1958 under Article 129 of the Treaty of Rome, the European Investment Bank (EIB) has acted as the financial arm of the European Economic Community (EEC), now the European Union (EU). The financial intermediation activity of the EIB was intended to channel funds from the world capital market to the member states to improve their abilities – and that of their regions and firms – to adapt to the increased competition created by the establishment of the EEC common market. The treaty established a bank, with its own financial resources and legal personality, that would finance only bankable and viable projects and respect private sector-inspired management. Owing to these characteristics, the EIB would soon establish itself as a first-class borrower and earn its reliability on the international capital market. Today, the EIB is one of the largest lenders and borrowers among the international financial institutions (IFIs); it has been by far the most important source of multilateral long-term funding in the EU and plays a prominent role in implementing EU policy objectives. The EIB has also assisted the EU in facing crises, as demonstrated by its intervention in tackling the economic and financial crisis in 2009–11 and the economic consequences of the COVID-19 pandemic in 2020.[1]

However, while it developed into one of the largest lenders and borrowers and contributed to the implementation of EU policies, the EIB attracted scant attention. The EIB 'makes just about as much noise as a snail creeping across a greasy floor' commented one anonymous Eurocrat in Brussels in 1974.[2] In 1996, Brian Unwin, the President of the EIB from 1993 to 1999, addressing a meeting of the International Monetary Fund and World Bank in Washington, 'was . . . introduced as the president of the best-kept secret on the international financial circuit'.[3] This scarce visibility may be explained by

[1] EIB Annual Reports, 2011 and 2021.
[2] *The Economist*, 'Softnosed banker', 27 July 1974.
[3] Brian Unwin, *With Respect, Minister: A View from Inside Whitehall* (London: Bloomsbury, 2016), 302.

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the fact that, unlike the other EU institutions, the EIB never caused harsh controversies among member states and never experienced scandals that made the front-page news. Not even British Prime Minister Margaret Thatcher, who never minced her words in disapproving of the EEC institutions, criticised the EIB. This was not because Thatcher was a fan of the bank, but rather – as Unwin put it – because she 'was hardly aware of the role of the EIB'.[4]

Until recently, this scarce visibility was reflected in the literature. In 2009, Robinson defined the EIB as 'the EU's neglected institution'. This author emphasised how the EIB had become one of the leading IFIs and a vital player in long-term financing within the EU, yet the literature had failed to recognise its importance.[5] Currently, the EIB is no longer a neglected institution even if, in comparison to the World Bank or the other EU institutions, it remains an understudied subject. Scholars from various disciplines, including economists, jurists, historians and political scientists, have made significant contributions to the literature on the EIB as both an IFI and a body of the EU. Research has explored different aspects of the EIB, ranging from its origins[6] to its autonomy from EU member states,[7] efforts to shift its role from policy-taker to policy-maker and entrepreneur,[8] and the evolution of its business model.[9]

This article tries to contribute to the history of the EIB by investigating one of the most characteristic and key functions of any IFI, namely, its lending policy and determinants. The Treaty of Rome established the EIB as a dual entity: a financial institution with its own legal personality and resources that would operate on the international capital market, and a body of the EEC polity. The EIB would operate as a bank but within the EEC institutional framework to implement those objectives identified in Article 130 of the Treaty of Rome. As such, the bank was established as a policy-driven and policy-taker body to implement EEC policies and act as the financial arm of the EEC.

Previous studies have examined the lending policy and have suggested that, in its early years, the bank was often driven by individual national considerations and was largely influenced by Italy's interests. Consequently, the bank did not in fact operate as a policy-driven and policy-taking entity to implement EEC policies. Subsequently, these studies have also identified different periods and factors as crucial to the EIB's transition towards implementing EEC-formulated policy. According to Mertens and Thiemann, the turning point came with the 1988 structural funds reform, which also established the foundation for what the authors describe as the core of the European investment state.[10] Clifton et al. argue that a new lending paradigm emerged in the mid-1980s, whereby EIB lending increasingly prioritised the economic integration of the EEC. Although the development of poorer areas of the EEC remained important, lending became more closely aligned with the objective of consolidating the Single Market project and the enlargement to member states.[11] In a different study, Clifton et al. characterise the 1970s as a time of significant change and the beginning of the shift towards a policy-

[4] Author's interview with Brian Unwin, 18 Dec. 2020.

[5] Nick Robinson, 'The European Investment Bank: The EU's Neglected Institution', *Journal of Common Market Studies*, 47, 3 (2009), 651–73.

[6] Mathias Kipping, 'La Banque européenne d'investissement, de l'idée à la réalité (1949–1968)', Le rôle des ministères des finances et de l'économie dans la construction européenne (1957–1978), *Conference Proceedings, Comité pour l'histoire économique et financière de la France* (Paris, 2002), 525–42.

[7] Jürgen Föcking, 'Die Darlehenspolitik Der Europaeischen Investitionsbank: Eine Untersuchung Des Zusammenhangs Zwischen Machtstrukturen Und Mittelvergabe', *Europäische Hochschulschrifte* (Frankfurt am Main: P.I.E.–Peter Lang, 2001).

[8] Daniel Mertens and Matthias Thiemann, 'The Politicization of the European Investment Bank? Managing Hybridity and Resource Dependence in European Economic Governance', in Lucia Coppolaro and Helen Kavvadia, eds., *Deciphering the European Investment Bank: History, Politics, and Governance* (London: Routledge, 2022), 140–64.

[9] Helen Kavvadia, 'Small Words, Big Changes: Understanding the European Investment Bank through its Business Model', in Coppolaro and Kavvadia, *Deciphering the European Investment Bank*, 116–38.

[10] Daniel Mertens and Matthias Thiemann, 'Building a Hidden Investment State? The European Investment Bank, National Development Banks and European Economic Governance', *Journal of European Public Policy*, 26, 1 (2019), 23–43.

[11] Judith Clifton, Daniel Díaz-Fuentes and Ana Lara Gómez, 'The European Investment Bank: Development, Integration, Investment', *Journal of Common Market Studies*, 56, 4 (2017), 733–50.

oriented approach, but they do not systematically examine the origins and factors that contributed to this transition.[12] Bussière et al. identify the late 1980s–90s and the institutional changes in the EU, such as the Single European Act and the Economic and Monetary Union, as factors that transformed the nature of the EIB's tasks and their implementation. These changes had a significant impact on the bank's relationship with both the commission and member states, leading to a reorientation of its methods and objectives, and a reconfiguration of the structures within the EIB group.[13]

By reconstructing the EIB's loan decisions and operations from its inception in 1958 to the late 1970s, this article provides a fresh perspective on the complex historical process that led to the EIB's shift from being driven by the individual preferences and interests of EEC member states to becoming an EEC policy-driven institution. Acknowledging the significance of the changes previously highlighted by the aforementioned authors, this article aims to revisit and re-evaluate the timing and factors that ultimately led to this transition. It argues that the transformation began in the 1970s, as a response to changes in the political and economic environments, and the EEC's organisation and priorities. Until the 1970s, the EIB's lending policy followed the political choices of each member state, directing loans toward national areas of development and prioritising projects that fulfilled member state objectives.

The EIB's transformation into an EEC policy-driven institution began in the 1970s in response to significant and interwoven developments, encompassing the definition of the EEC's regional policy, a more assertive role of the Commission in implementing this policy and in giving guidance to the EIB, the elaboration of new EEC common policies, constant and severe criticisms of how some member states used the loans and the stagflation and energy crisis of the decade that heightened the focus of member states and EEC institutions on issues of rising unemployment, economic growth, competitiveness and energy supplies.

Gradually, the EIB's objectives and methods were refocused and the field of operations was redeployed. Lending increasingly became the result of an interplay between the Commission, the European Council and the EEC Council of Ministers. The EIB evolved from being a mere tool for member states to pursue individual national policies to becoming a policy-driven bank that served as the financial arm of the EEC. The 1970s were a critical period that redefined the EIB's role and paved the way for its evolution into an EEC policy-driven bank in the following decades.

In reconstructing the EIB's lending policy, this article focuses on the operations in Italy and the United Kingdom. The two countries received most of the EIB's loans in the period under review and their experience provides valuable insights into EIB operations. From 1958 to 1980, Italy received 37.0 per cent of loans while, from becoming an EEC member in 1973 to 1980, the United Kingdom received 27.7 per cent of loans. This predominance is explained, to a large extent, by the size of the economy in terms of the GDP of the two countries and their most acute regional problems. In Italy, the EIB operated to assist the government in implementing the programme of development for the south of the country, as laid down in a Special Protocol forming Article 239 of the Treaty of Rome. In the United Kingdom, the EIB operated to support mainly large state-owned corporations. The Federal Republic of Germany, the Netherlands and Luxembourg requested fewer loans because of the relatively low national interest rates prevalent in these countries. Belgium progressively increased its requests for loans to finance the restructuring of its declining steel and textile industries. In the 1970s, France significantly increased its requests for loans to finance infrastructure, especially telecommunications and nuclear energy, so that, from 1958 to 1980, it received the third largest amount of total EIB lending.[14]

[12] Judith Clifton, Daniel Díaz-Fuentes and Julio Revuelta, 'Financing Utilities: How the Role of the European Investment Bank Shifted from Regional Development to Making Markets', *Utilities Policy*, 29 (2014), 63–71.

[13] Éric Bussière, Michel Dumoulin and Émilie Willaert, in collaboration with Charles Barthel, Jürgen Elvert, Paolo Tedeschi and Arthe Van Laer, *The EIB, the Bank of the European Union* (Luxembourg: EIB, 2008).

[14] EIB Annual Report 1979, 80–82 and EIB Annual Report 1980, 81–3.

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As suggested by Robinson, the analysis of the EIB's lending policy is contextualised within the framework of EEC governance and evolution.[15] This approach highlights the EIB's role in the broader set of European institutions and governance, drawing attention to its relationship with both the Commission and individual member states. This perspective allows for a more comprehensive understanding of the transformation of the EIB.

This article is organised as follows. Section one describes the negotiations leading to the establishment of the EIB, shows how the governance of the body became a crucial issue and illustrates how ultimately the EIB was established as a dual entity, a financial institution that would operate on the international capital market and a body of the EEC polity. Section two deals with the formative years, from the inception of the operations in 1958 to the first EEC enlargement in 1973, and it investigates the discussions within the EIB Board of Directors on credit allocations. This section shows how lending decisions were shaped by Italian preferences. The individual member states' political priorities and preferences played a key role in shaping its loan operations to the point that, in many cases, the bank merely ratified lending decisions made in the capitals of the member states. Section three deals with the 1970s and shows that, while lending to the United Kingdom followed the Italian patterns, EIB lending concurrently became more vigorously aligned with the priorities and policies set by the EEC. This section identifies the factors and circumstances that led to a turning point in the determinants of the lending policy and shows how the EIB became an EEC-policy-driven institution more involved in the EEC political process. The conclusion presents the main findings of this article.

This study utilises a qualitative research methodology that integrates archival research and historical narrative. The primary sources examined include papers from the Foreign Office, Treasury and Board of Trade of the British National Archives in Kew Gardens, as well as records of the negotiations leading to the establishment of the EIB, the annual reports of the EIB from its inception in 1958 to 1985 and the records of the meetings of the Boards of Governors and Directors of the EIB, all available at the historical archives of the European Union in Florence, Italy. These sources provide a rich and diverse array of materials that offer insight into the lending policies and operations of the EIB, as well as the political and economic factors that have influenced them.

Negotiating the Financial Institution

The origins of the EIB should be traced back to 1949, when the French Minister of Finance Maurice Petsche suggested to the Organisation for European Economic Cooperation (OEEC) a schedule of investments to be carried out by a European investment fund. The aim was to allocate capital to increase the competitiveness of the European industries, promote a balanced development of the OEEC member states and improve their economic and social cohesion. In 1953, Dutch Foreign Minister Johan Willem Beyen made a similar suggestion to finance programmes of modernisation and adaptation of firms to the Council of Ministers of the European Coal and Steel Community (ECSC). Both initiatives responded to the belief that the conditions of increased competition favoured by the dismantling of barriers to the free circulation of productive factors ought to be offset by the transfer of capital to enable member states to adapt to the new environment.[16]

When the negotiations leading to the establishment of the EEC with a customs union at its basis started in 1955, the governments of the three Benelux countries – France, the Federal Republic of Germany and Italy – agreed on establishing an institution to allocate capital. The six governments held that trade liberalisation would contribute to faster economic growth but that intensified competition could exacerbate existing differences in terms of GDP per capita among regions and could produce decline in the relatively poorer areas. Through normal market mechanisms, capital could be

[15] Robinson, 'The European Investment Bank', 651–73.

[16] On the early attempts to establish a European investments bank, see Bussière et al., *The EIB*, 23–30 and Kipping, 'La Banque européenne d'investissement', 525–42.

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attracted by rapidly growing regions rather than depressed areas. Financial transfers were considered a necessary corollary of the customs union.[17]

While the six governments agreed on the establishment of a financial institution, they held differing views on the specific functions this institution should pursue, leading to disagreements on its policies and governance. The Italian government considered the capital that the financial institution would allocate as the side payment by wealthier states to secure its agreement for exposing the Italian market to the more competitive economies. The Italian delegation pressed for a fund that would lend resources drawn from the national budgets of the member states and would prioritise the development of less advanced regions. Having many of the poorest regions in Western Europe, Rome was determined to enshrine regional development as one of the fundamental priorities of the fund and aimed at maintaining the institution and its lending policy under the strict political control of the member states to ensure the accomplishment of the member states' priorities.[18]

The French government aimed at broadening the function of the financial body to include the rationalisation of productivity structures and the reconversion of enterprises. The French insisted that the institution ought to play a significant role in the private sector – as evidenced by the need for reconversion – and issue redeployment allowances and grants. The institution would operate as a real bank of investment with capital borrowed on the market but, in some situations, it could act as a fund to give allowances and grants.[19]

The likely main supplier of resources drawn from the national budgets, the German government, called for a bank that would borrow on the international capital market to finance its loans and would be run with business principles to finance only viable and bankable projects. The bank would be autonomous from the member states in determining its lending decisions. The German negotiators held that the issue of autonomy was of utmost importance for maintaining the confidence of the bondholders and ensuring that the bank would direct its own activities without becoming a burden on national budgets.[20] Because of the capital markets' general distrust of political organisations, in the German view, the highest organ of the bank was to be called the Board of Governors, as it was named in the World Bank, and would not formally be part of the EEC. A Board of Directors – an organ of the bank – would make decisions about the lending policy and, together with an executive committee, be responsible for the day-to-day management. In contrast, the Italian delegation aimed at maintaining the fund under the political authority of the EEC Council of Ministers.[21] The issue of governance became central in the negotiations and was one of the most intricate to be resolved. Ultimately, the German stances prevailed, as they had the support of the other four governments that wished to utilise the commercial world banking system and not to set up a fund wholly dependent on contributions from member states.[22]

[17] On the negotiations for the establishment of the EIB, see Lucia Coppolaro, 'Setting up the Financing Institution of the European Economic Community: The Creation of the European Investment Bank (1955–1957)', *Journal of European Integration History*, 15, 2 (2010), 87–104.

[18] Historical Archives of the European Union Florence (HAEU) – CM3 NEGO 2 – PV de la réunion des ministres des Affaires étrangères des Etats membres de la CECA, Messina, 1 June 1955; NEGO 43 – Note de la délégation italienne 'Fonds européen d'investissements', 19 July 1955.

[19] The French position is described in HAEU – CM3 NEGO 39 – Mémorandum de la delegation française sur l'établissement d'un marché commun, 14 Sept. 1955; MAEF DDF 1955 (II) – Document 207, Note de la direction des Affaires économiques et financières (service de cooperation économique 'Etablissement d'un marché commun général'), 13 Oct. 1955.

[20] HAEU – BEI, Création de la BEI – G. Sertoli 1000, Témoignage Sertoli, 28 Oct. 1994.

[21] HAEU – BEI – 1021 Conférence intergouvernementale pour le Marché commun et l'Euratom – Groupe du Marché commun, Rapport sur les travaux du Groupe ad hoc chargé d'élaborer le statut du Fonds d'Investissement, 27 Nov. 1956. This document summarises the attitudes of the ECSC Six since the beginning of the negotiations. On the German stance, see HAEU – BEI 1001 Exposé présenté par le porte-parole allemand (MAE 326), 24 Sept. 1956; HAEU – BEI 1004 PV des réunion des 24–26 Sept. 1956 (MAE 361).

[22] HAEU – BEI Création de la BEI – G. Sertoli 1004 Conférence intergouvernementale pour le Marché commun et l'Euratom – Groupe du Marché commun: PV des réunions des 24–26 Sept. 1956 (MAE 361); HAEU – CM3 NEGO

The financial institution's highest body would be the Board of Governors, composed of the ministers designated by each of the member states, usually the finance ministers, and a representative of the European Commission, and would be formally distinct from the EEC Council of Ministers. The Board of Governors would lay down the general directives on lending policy and appoint the Board of Directors, the Management Committee and the Audit Committee. In appointing the members of the Board of Directors, the Board of Governors would receive nominees from the member states and the European Commission. The Board of Directors would have exclusive competence over the lending and borrowing policies and the approval of individual operations, and would make decisions by majority voting. The board would consist of eleven members appointed by the member states and one member appointed by the commission. The commission would express an opinion on the conformity of the loan project. The third organ, the Management Committee, would be the collegiate and resident executive board. Under the authority of the president and the supervision of the Board of Directors, the Management Committee would manage day-to-day business at the bank and recommend lending and borrowing decisions to the directors. As the German government had insisted, the institution would be called the European Investment Bank to boost its reliability on the capital market.[23]

As for the lending policy, Article 130 enumerated the types of projects that the EIB could finance or guarantee by borrowing on the capital market and utilising its own resources:

> (a) projects for developing less developed regions; (b) projects for modernising or converting undertakings or for developing fresh activities called for by the progressive establishment of the common market, where these projects are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States; and (c) projects of common interest to several Member States which are of such a size or nature that they cannot be entirely financed by the various means available in the Individual Member States.

The EIB was negotiated as a dual entity to balance the two requirements of establishing a policy-driven institution linked to the objectives established by the EEC and that of creating a bank equipped to act effectively in the international capital market. As a result, the EIB had unique characteristics – it would be governed by the member states represented in the Boards of Governors and Directors. At the same time, to set up an autonomous institution that could efficiently borrow on the international capital market with an uncontested reputation, the six governments endowed the EIB with its own financial resources, legal personality and majority voting. The bank would finance only viable projects and follow private sector-inspired management.[24]

While failing in its attempt to establish a fund, the Italian government obtained the formal assurance that the reduction of regional unbalances and the development of the south of the country would be a priority for the EEC. The preamble of the Treaty of Rome and Article 2 explicitly called for the reduction of 'the differences existing between the various regions and the backwardness of the less favoured regions'. In one of the attached protocols to the Treaty of Rome, the EEC member states recognised that the development of Italy was a common objective and that an adequate share of EIB resources would be allocated to this aim.[25] As shown in the next section, the priority given to the development of southern Italy heavily influenced the lending policy of the bank in its formative years.

248, Conférence intergouvernementale: histoire de l'article 129 du traité instituant la CEE, PV du Groupe du Marché Commun, 24–25–26 Sept. 1956.

23 HAEU – CM3 NEGO 250, Comité des chefs de délégation, PV de la réunion des chefs de délégation, 4–5 Jan. 1957; ibid. Propositions du président concernant les points à régler pour la Banque Européenne d'Investissement, 27 Dec. 1956; ibid., PV de la réunion des chefs de délégation, 26–28 Jan. 1957.

24 Bussière et al., *The EIB*, 15–20.

25 Ibid.

Signing Blank Cheques

The period from 1958 to the first enlargement of the EEC in 1973 represented the formative years of the EIB. This institution had to establish itself as a reliable borrower on the international capital market and select loans that met its lending criteria. In 1958, the Board of Governors drew up general lending directives, indicated that the bank would devote a large part of its resources to the development of lagging-behind regions and emphasised that the EIB would operate respecting banking criteria to enhance the smooth development of the customs union.[26] However, the directives of the governors were vague. Prioritising regional development provided only a general indication of how the EIB would operate as the EEC had not yet defined its regional policy and related objectives and mechanisms. Moreover, when the requested loans began to be submitted to the bank, it became clear that what was smooth for one director was not necessarily smooth for the other directors. The legal personality, majority voting and own resources would not shelter the EIB lending policy from the interests and preferences of the individual member states.

From 1958 to 1972, Italy was easily the largest beneficiary of financing operations, with 1,412.3 million units of account or 58 per cent of the bank's loans to projects within the Community. France occupied second place with 23 per cent, followed by Germany with 14 per cent and the Benelux countries with 5 per cent.[27] This allocation is hardly surprising. The bulk of EIB loans were used in fulfilment of the objectives laid down in Article 130a for regional development and, owing to the economic backwardness of the south of that country, Italy was the main beneficiary. The breakdown by economic sector of all projects financed shows that approximately 58 per cent of the total funds committed by the bank was for financing infrastructure projects of economic interest, headed by transport (29%), followed by energy (13%), telecommunications (9%) and agricultural development (5%). Industry and public utilities together accounted for approximately 42 per cent of the total amount of financing, which was slightly weighted towards the chemical industry (11%) and the iron and steel semi-processing industry (9%), with the mechanical engineering and motor vehicle industries somewhat behind (6%). Although the basic industries taken as a whole accounted for the majority of the loans granted, having received 61 per cent of the total finances allocated to industry, the manufacturing industries also received very substantial sums.[28]

As noted, the EEC had not yet defined its regional policy and EIB lending in support of regional development came to be determined by the regional policy that the Italian government had itself elaborated. The 'Protocol concerning Italy' attached to the Treaty of Rome recognised the interest of the EEC in implementing the Italian development plan for the south of the country – the Vanoni plan – and mentioned the EIB resources as instruments to finance this development. The Vanoni plan's model of growth was grounded in investment to favour the development of basic industries and the expansion of energy infrastructures.

A total of 85 per cent of operations in Italy was used to develop its southern region: 53 per cent of the bank's financing was concentrated in the two sectors of steel manufacturing (23%) and chemicals (30%); 25 per cent focused on the sectors of mechanical engineering, motor vehicles and building materials; hence, 85 per cent of the financial backing went to large-scale modern complexes generally belonging to the public industrial sector. The greatest part of the remaining share was allocated to infrastructure projects such as irrigation works, motorways and telecommunications. The EIB's allocation of loans to Italy fully reflected the Vanoni plan's priorities.[29]

Since the outset, the allocation of loans was heavily criticised by the Board of Directors for not being consistent with the broad aims of the bank and, since Italy received a significant share of the loans, the criticism was particularly harsh in comparison to other member states. Two remarks were made. In the first instance, the loans would not reduce the gap in terms of economic growth;

[26] HAEU – EIB 649, Record of the meeting of the Board of Directors, 4 Dec. 1958.
[27] EIB Annual Report 1972, 37.
[28] Ibid., 37–40.
[29] Ibid., 37 and HAEU, EIB – PV CA-099-73, Record of the meeting of the Board of Directors, 6 Mar. 1973.

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second, and equally relevant, the loans would not favour the balanced growth of the EEC customs union. In regard to the gap, the greatest part of the projects financed the creation of large-scale industry poles located away from the large European market. Consequently, the industrial poles had to either survive in the small market of southern Italy, which lacked a socioeconomic framework able to support them, or achieve a very high productivity rate together with low labour costs to face the high transportation cost to reach the large European market. As these two conditions could be reasonably questioned, the capacity of the EIB loans to favour the economic growth of the area was doubted. Equally important, the loans operated in sectors – steel-manufacturing, chemicals, textiles, sugar and building materials – that did not offer any technological advancement suitable to favour economic growth or that were capital intensive and would not stimulate employment.[30] In regard to balanced growth, the planned extra-capacity of productions was too large a scale for the available market. Projects in petrochemicals, automobiles, steel manufacturing, zinc, sugar and textiles would increase Italian production in sectors that already faced overcapacity at the EEC level, thus contradicting the EIB's major aim for a smooth development of the customs union.[31]

In the Board of Directors, the Dutch and German directors were particularly outspoken in questioning, criticising and complaining about the way that the Italian government was using the EIB loans and repeatedly urged the Boards of Governors and Directors to establish stricter criteria on the lending policy.[32] In 1959, in discussing operations to be financed in southern Italy, the German director Alfred Mueller-Armack noted that, in approving a loan to the petrol-chemical sectors, the EIB had to 'consider the total productive capacity of the Common Market, especially in view of the risk of financing productions that would then have to be subsidized'.[33] In a similar vein, in 1962, the Board of Directors discussed a loan to finance the construction of a paper factory in Sicily. German director Herbert Martini affirmed being 'struck by the creation of this new industrial complex, while the European cellulose industry, especially in Germany, is already facing difficulties due to competition from Scandinavian countries'.[34] In the same year, the Board of Directors discussed a loan to a tannery. In this case, Muller-Armack doubted the rationality of giving a loan to a sector that at the EEC level was experiencing overcapacity.[35] In 1963, in discussing a loan to the Italian chemical firm Montecatini to implement a chemical plant in Calabria, the German director Fritz Fechner and the French director Maurice Perouse complained that the investment was capital intensive and would not favour employment.[36] In the same year, the Italian textile firm Marfili asked for a loan to implement a plant in Sardinia. In this case also, Muller-Armack complained that the loan would not contribute to the smooth development of the common market. The textile sector was characterised by overcapacity and many German textiles were undergoing a restructuring process, so the Italian firm would contribute to increasing overcapacity and would also receive a tax exemption for ten years, thereby causing a distortion of the competition with the EEC.[37] Then, Muller-Armack and the French director Jean Ripert complained about a loan to Italsider to modernise and increase the capacity production of a steel plant near Naples on the grounds that the sector was already experiencing overproduction at EEC and international levels.[38]

30 Bussière et al., *The EIB*, 78–87.

31 HAEU, EIB – PV CA-012-60, Record of the meeting of the Board of Directors, 15 Mar. 1960; PV CA-022-61, Record of the meeting of the Board of Directors, 22 Nov. 1961.

32 HAEU, EIB – PV CA-027-62, Record of the meeting of the Board of Directors, 6 July 1962; PV CA-034-63, Record of the Meeting of the Board of Directors, 13 Nov. 1963; PV CA-008-65, Record of the Meeting of the Board of Directors, 16 Nov. 1965.

33 HAEU, EIB – PV CA-007-59, Record of the meeting of the Board of Directors, 26 June 1959.

34 HAEU, EIB – PV CA-027-62, Record of the meeting of the Board of Directors, 6 July 1962.

35 HAEU, EIB – PV CA-028-62, Record of the meeting of the Board of Directors, 14 Nov. 1962.

36 HAEU, EIB – PV CA-034-63, Record of the meeting of the Board of Directors, 13 Nov. 1963.

37 HAEU, EIB – PV CA-032-63, Record of the meeting of the Board of Directors, 31 July 1963.

38 HAEU, EIB – PV CA-041-64, Record of the meeting of the Board of Directors, 16 Sept. 1964.

In 1965, in discussing a new loan to Montecatini, Muller-Armack did not mince his words: 'The project does not appear to meet the Bank's lending criteria . . . : it will create relatively few new jobs.' The stance of Muller-Armack was fully shared by the Belgian director Raymond Denucé, while the French directors Pérouse and Jean Saltes doubted that 'it would be justifiable to give a loan' to the project. After the complaints, the loan was approved with the abstention of the French directors.[39] In 1965, criticisms of a project loan to ENEL to build an electric plant in Campania were particularly strong. The German director Ernst vom Hofe noted that the project would absorb a great share of EIB financial resources but that ENEL, a national monopolist, would be able to collect the required capital and realise the investment without EIB intervention. As such, the German director concluded that 'the lending operation proposed to the Board does not appear to be necessarily within the remit of the Bank and would not be easy to justify in his country'. The Dutch director Sjoerd Boomstra noted that, in the future, the EIB would have to 'finance projects more consistent with its mission' and regretted that the loan would strengthen the ENEL financial situation more than allow the achievement of the project targeted at southern Italy.[40] In 1968, a loan to a textile firm was criticised on the grounds that the EIB would contribute to financing the overcapacity that existed at the EEC and global levels.[41] Interestingly, however, after criticisms, complaints and foot-dragging, the reluctant directors eventually approved the loans.

In 1973, the Management Committee presented a report to the Board of Directors on the activities of the bank in Italy, opening the door for reflection on EIB operations. The Italian director Gastone Miconi highlighted that, in terms of job promotion, 'the results . . . had not exactly come up to the expectations nurtured . . . Certain achievements had been described as "cathedrals in the desert" and the overall picture showed no lessening of the gap between the development of the South and of the North.' Miconi acknowledged that 'the Bank had been following the Italian governmental policy guidelines laid down for public authority interventions in the Mezzogiorno; it could not, therefore, be criticized for the way in which it had concentrated its contributions from a sectorial or geographical point of view.' Apologetically, the Board of Directors recognised that the EIB had merely ratified the lending decisions taken in Rome and had not been autonomous in conducting its lending operations.[42]

The Italian experience and the report on the EIB operations in this country demonstrate that the EIB's lending policy was shaped by the policy preferences of individual governments and that the bank had endorsed the policy priorities elaborated in member states' capitals. Individual national preferences effectively restricted the EIB's role to that of a treasurer signing blank cheques. Many factors help explain the overwhelming role of individual national preferences. The first one relates to Italy. The regional policy was a priority of the EIB and, as this country had the least developed regions among the member states, this priority strengthened the capacity of Italy to obtain a loan. Moreover, the political compromise at the core of the Treaty of Rome, according to which Italy would be the main beneficiary of the bank, weakened the capacity of the bank to oppose Italian preferences. Any opposition was further complicated by the fact that the presidency of the EIB was assigned to Pietro Campili (1957–8) and then to Paride Formentini (1958–70) and the Director General for Economic and Financial Affairs of the Commission to Franco Bobba. These three Italian officials were all convinced that the development of the south would be fostered by the principles of the Vanoni plan.[43]

A second factor explains this state of affairs. Individual national preferences prevailed because of the EEC's blurred regional policy, goals and instruments. Lacking criteria, the bank financed those areas and activities that member states themselves had selected for development. This gap gave member states room to manoeuvre to implement their own regional policy and it weakened the opposition

[39] HAEU, EIB – PV CA-048-65, Record of the meeting of the Board of Directors, 16 Nov. 1965.

[40] HAEU, EIB – PV CA-049-65, Record of the meeting of the Board of Directors, 20 Dec. 1965.

[41] HAEU, EIB – PV CA-067-68, Record of the meeting of the Board of Directors, 30 July 1968.

[42] HAEU, EIB – PV CA-099-73, Record of the meeting of the Board of Directors, 6 Mar. 1973.

[43] HAEU, EIB – PV CA-027-62, Record of the meeting of the Board of Directors, 6 July 1962. PV CA-034-63, Record of the meeting of the Board of Directors, 13 Nov. 1963; PV CA-008-65, Record of the meeting of the Board of Directors, 16 Nov. 1965.

of other members that questioned the compatibility of the projects with the bank's principles. Moreover, the lack of a common regional policy restrained the role of the commission in pinpointing the objectives that the EIB should address.

Third, lending decisions remained in the hands of the member states represented on the Board of Directors. On paper, directors did not have to enforce the interests of member states. In practice, they did. Directors were aware that the rejection of a loan sponsored by a member state could lead, in a chain reaction, to the rejections of loans sponsored by other member states and were more concerned with building up coalitions to have 'their' loans approved than with rejecting questionable loans. This explains why projects were approved despite the criticism received from the Board of Directors.[44] In these formative years, the EIB did not receive input from the EEC institutions and its lending reflected the individual national preferences of the member states.

Shifting to an EEC Policy Logic

With the 1973 enlargement, the EEC acquired three new member states and the EIB three new shareholders: Denmark, Ireland and the United Kingdom. Although the operations in the new members confirmed the experience of the 1960s with the EIB endorsing the regional policy elaborated in the member states' capitals, an EEC policy logic started to be conceptualised. In the case of Ireland, the EIB supported the policy of the Irish government to promote the establishment of highly technological industrial areas and the modernisation of the communication and transportation system. In Denmark, the bank made loans to infrastructure in development areas, mainly Greenland.[45] In the case of the United Kingdom, loans were concentrated on industries, especially steel manufacturing, coal mining and shipbuilding, and the borrowers were, above all, large state-owned ones. While the Irish and the Danish use of the loans did not raise eyebrows in the EIB, the British use raised concerns.[46] In the 1970s, the United Kingdom was the second borrower after Italy and the British case is particularly significant for demonstrating how national preferences continued to dictate the EIB lending policy and how, in parallel, an EEC policy logic started to emerge.

In view of the membership, in 1972, the EIB President Yves Le Portz and the officials from the Management Committee met with the British officials from the Treasury and the Department of Trade and Industry to discuss future loan operations. The British officials illustrated the regional unbalances the country was facing, explained how these had been caused by the decline of basic industries in specific areas and expected the EIB to lend to areas the British government itself had identified as assisted areas. The EIB officials remarked that the EEC lacked a properly defined regional policy and, consequently, the bank would accept a government's definition of assisted areas and development priorities.[47]

When the EIB started operating in the United Kingdom, loans reflected the goals that the British government had formulated. In 1972, Prime Minister Edward Heath approved the Industry Act aimed at favouring the modernisation and conversion of backwards industries. To pursue the goals of this act, EIB loans were allocated above all to nationalised firms and the public sector. In particular, the EIB's loans to large state-owned corporations were considered in London as an instrument to favour the rationalisation necessary to put British industry on a more competitive footing, especially in the steel, shipbuilding and coal mining sectors, as the Industry Act dictated.[48] The British Steel Corporation (BSC) became one of the main beneficiaries to the point that, in 1975, it received the

[44] Peter Gloystein, *Finanzierung des industriellen Strukturwandels durch die EG* (Hamburg: Verlag Weltarchiv, 1978), 121–5.

[45] EIB Annual Report 1974, 27 and EIB Annual Report 1982, 9–11.

[46] HAEU, EIB – PV CA-0114-75, Record of the meeting of the Board of Directors, 29 July 1975.

[47] The British National Archives, Kew Gardens, UK (TNA) – T 224/2511 – Visit of the Management Committee of the EIB, 27 Jan. 1972 and Letter from Peterson to Croft, 27 Apr. 1972; TNA– FCO 30/2467 Note by Colin Peterson of a meeting at the DTI on the EIB, 11 Oct. 1972 and Note of a meeting held on 16 Oct. 1972 between UK officials and officials of the EIB.

[48] TNA – BT 177/2859, Brief for Minister from Raymond Prosser (UK Director of the EIB) and attached draft speech for EIB dinner on 30 Oct. 1973, 25 Oct. 1973; Draft brief for visit to Luxembourg by the Chancellor of the Duchy of Lancaster, 30 Oct. 1973.

largest single loan ever made by the EIB until that time. Other loans were allocated to British Rail, the National Coal Board, the National Water Council, the Gas Council, the Post Office, the National Freight and the National Bus.[49]

In Luxembourg, doubts mounted on how the EIB operated in the United Kingdom. The BSC's performance in terms of sales and market share had all been on a downwards slope since 1967, and the EIB officials doubted that loans would help modernisation and conversion. As the excess capacity was expected to continue and depress prices both nationally and globally, the EIB looked with apprehension at loans that were aimed at expanding the productive capacity in this sector.[50] However, the British government remained committed to the projects and the loans were approved despite the disquiet and increasing resistance within the Management Committee and the Board of Directors to the further financing of industries in chronic deficit. In 1977, loan programmes to the public sector, particularly those to BSC and British Rail, came to be considered 'of doubtful viability' in the Management Committee.[51] The British director Dennis Kirby informed the British officials at the Treasury that the Management Committee was seriously considering ending all lending to railway projects as 'British Rail was probably beyond hope'. Kirby even doubted whether nationalised industries would receive more loans from the EIB because of their poor results.[52] In the same year, the Board of Directors discussed the issue of bank operation in favour of projects pertaining to public enterprises in chronic deficit. The discussion did not lead to a conclusion on whether the EIB had to stop lending, but it showed that loans to British (and Italian) public enterprises in chronic deficit raised serious concerns within the Board of Directors.[53] As had been the case with Italy in the 1960s, many directors – and the German ones above all – pressured for more targeting in the EIB's activities. In 1979, the German director Rudolf Morawitz heavily criticised the operations in the United Kingdom and repeatedly hinted that the EIB was failing to 'meet the need to maintain the quality of the projects it financed'.[54]

Although the British experience shows that the EIB's lending policy continued to be determined by the priorities that governments had individually elaborated, parallel developments started to change the determinants of the lending policy and would progressively reorient the objectives of the EIB operations towards an EEC policy logic. The first development concerned the commission and the elaboration of a common regional policy. As noted, in the 1960s, this institution made little use of its power of influence over the EIB because of the lack of a common regional policy. However, at the end of the decade, the EEC started to define one. In its memorandum of the end of 1969 on the elaboration of this common policy, the commission stressed the importance of the role of the bank and recalled that this body was the most suitable for channelling capital towards the regions to be developed. Moreover, in 1973, the enlargement to countries with regional unbalances led to a new coalition of EEC members in favour of defining this policy and the instruments of intervention. Underdevelopment was no longer only an Italian problem. As a result, the EEC began to slowly but steadily define its common regional policy, and the effort eventually culminated in the late 1980s when the EEC moved from a member state-controlled model to a policy grounded on common objectives, priorities and controls. This new drive to promote regional development helped the commission to be more assertive in identifying the priorities of EIB lending and in examining ways in which it could exert greater influence on the bank.[55] In 1973, the Board of Directors recognised that

> in the longer term the activities of the Bank would definitely be affected by Community regional policy measures which the Council of the Communities might decide on the basis of the

49 TNA – T 385/85, EIB Press Release, 9 Oct. 1977.
50 HAEU – EIB – PV CA-0114-75, Record of the meeting of the Board of Directors, 29 July 1975.
51 TNA – BT 177/2867, Note from Faulkner to Prosser, 19 Jan. 1977.
52 TNA – BT 177/2867, Call by Mr. Denis Kirby of the EIB, 11 Oct. 1976.
53 HAEU – EIB– PV CA 126-77, Record of the meeting of the Board of Directors, 20 June 1977 and PV-CA-130-77, Record of the meeting of the Board of Directors, 7 Dec. 1977.
54 HAEU, EIB – PV CA 220-79, Record of the meeting of the Board of Directors, 20 Feb. 1979.
55 EIB Annual Report 1970. On the origins and operation of the regional policy, see Andrew Evans, *The EU Regional Policy* (Richmond: Richmond Law & Tax, 2005).

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> Commission's proposals and underlined that the Board of Directors would elaborate 'a policy with regard to what contribution the Bank might make towards implementing the regional policy measures proposed by the Commission'.[56]

The changing economic landscape also had an impact as the EEC institutions began to identify weaknesses that needed to be addressed and called upon the EIB to play a role in dealing with them. This led to the identification of specific policies to pursue and influenced the direction of the EIB's operations. In 1970, the Werner plan for an Economic and Monetary Union highlighted the link between monetary integration and regional imbalances. The slower rate of economic growth and the high rate of unemployment of the 1970s drew attention to how to foster economic growth and promote employment. The two oil shocks in 1973 and 1979, and the ensuing energy crisis, led to the consideration of the reduction of the energy dependence on oil as urgent.

Against this framework, the commission adopted a memorandum on the definition of EEC common industrial, research and technological policies and became more active in taking initiatives to promote job creation and energy autonomy.[57] In a similar vein, the EEC Council of Ministers and the European Council called for the development of a common industrial policy and some common objectives in the energy field, and referred to environmental protection and support for SMEs as urgent issues. With its final declaration on Growth, Inflation, and Employment, the European Council of Rome in 1977 reaffirmed its objectives of stimulating economic growth, reducing unemployment and promoting convergence among the economic performances of the various member countries through increased investment. The European Council called on the EIB to make resources available to pursue these objectives.[58] The European Council of Rome would turn out to be the first of a series of councils in which the EEC members oriented EIB lending in response to the priority they had identified. The European Councils of Strasbourg in June 1979 and of Dublin in November 1979 reaffirmed the fundamental importance of maintaining national and community efforts to improve economic structures, primarily through increased investment, and the necessity for community research into and development of alternative sources of energy, and called for EIB intervention.[59] With its involvement in the economic and energy crisis, the EIB was urged to expand its lending policy to include a countercyclical role and increase the volume of its operations.

The indications of the EEC institutions and the European Council came to be reflected in the EIB meetings and lending. In response to the memorandum of the commission on the implementation of EEC common industrial, research and technological policies, the Board of Governors highlighted that operations of common interest should include loans in these areas.[60] By the same token, the Board of Governors underlined the necessity for the EIB to implement the structural and regional policy required to achieve the economic and monetary union as foreseen in the Werner plan.[61] In 1973, in outlining some possible avenues of actions for the bank, the Board of Directors highlighted the areas in which the commission had advocated interventions, such as nuclear energy, advanced technology and aeronautical and nuclear industries.[62] In 1979, the French director Jean-Yves Haberer highlighted that the shift in the bank's activity towards job creation was a response to the concerns evinced by the European Council.[63]

Regarding the impact on lending, the EIB increased financing for energy generation and transmission with the aim of reducing oil dependence, increasing energy efficiency and introducing new and

[56] HAEU, EIB – PV CA 099-73, Record of the meeting of the Board of Directors, 6 Mar. 1973.
[57] HAEU, EIB – PV CG 30-71, Record of the meeting of the Board of Governors, 26 Apr. 1971.
[58] HAEU, EIB – PV CA 125-77, Record of the meeting of the Board of Governors, 8 June 1977 and PV-CA-126-77, Record of the meeting of the Board of Governors, 20 June 1977.
[59] EIB Annual Report 1979, 8–10.
[60] HAEU, EIB – PV CG-30-71, Record of the meeting of the Board of Governors, 26 Apr 1971.
[61] HAEU, EIB – PV CG-31-71, Record of the meeting of the Board of Governors, 15 June 1971.
[62] HAEU, EIB – PV CA – 099-73, Record of the meeting of the Board of Directors, 6 Mar. 1973.
[63] HAEU, EIB – PV CA – 220-79, Record of the meeting of the Board of Directors, 20 Feb. 1979.

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renewable energies.[64] Lending for projects of interest to more than one member state became aimed at improving the community's energy supplies and included loans for nuclear and hydroelectric power stations, the construction of pipelines and the acquisition of platforms for offshore oil exploration and the manufacture of drilling equipment.[65] In 1974, loans in the less favoured regions of the community continued to make up the larger part of finance to member countries, but there was a marked increase in the amounts provided for projects of common interest designed to improve community energy supplies. A total of 344.9 million out of 441.1 million units of account for infrastructure were destined for energy infrastructure and the development of new technology of key interest to the community. Broadly speaking, almost two-thirds of the total amount of loans in 1974 – thirty-seven loans for 545.7 million in all – went towards infrastructural projects, and most of the bank's infrastructural financing was channelled into energy production projects, which received twenty-six loans in all, amounting to 406.8 million, or 47.9 per cent of all credit granted to member countries.[66] Unsurprisingly, while lending to the state-owned corporations in the United Kingdom raised concerns, the EIB showed readiness to lend for operations in the energy sector. The bank financed several North Sea projects and, in 1975, the Management Committee paid a visit to the British Energy Department with the aim of increasing loans in this field.[67]

The EIB took important measures to reinforce its efforts to meet the community's recommendations. With the instrument of global loans, the EIB increased loans in support of SMEs. Loans in the industrial policy framework were aimed at modernising facilities, increasing the competitiveness of business and developing new technology. With the EEC decision of 1978 to create a New Community Instrument (NCI) to finance projects regarding objectives such as infrastructure and energy, the EIB came to work more closely with the commission in implementing EEC policy. Furthermore, in conjunction with the European Monetary System (EMS), which entered into force on 13 March 1979, the bank was called to issue interest subsidy loans in support of certain investment projects implemented in the less prosperous member states effectively participating in the EMS.[68]

In addition to the broadening of the field of its activities, the EIB also experienced an expansion in terms of the volume of its operations. In 1977, the bank stepped up its lending in reaction to the European Council of Rome. In 1978, the European Council of Copenhagen 'invited the Governing Board of the EIB . . . to double the capital of the Bank',[69] paving the way for the expansion of the bank's subscribed capital in the same year.[70] As noted in the EIB annual report of 1982, 'the appreciably higher level of Bank financing reflects the Bank's response to the recommendations of the European Council, more explicitly defined by the Council of the European Communities, acting on a proposal from the Commission, and by the Bank's Board of Governors.'[71]

Between 1973 and the end of 1981, the rapid increase in financing provided by the bank stemmed largely from the incidence of investment projects showing a high unit cost in the energy, transport, telecommunications and water infrastructure sectors. Loans to energy projects accounted for 39 per cent of the total lending, while infrastructure accounted for 41 per cent. Credit for projects in industry, agriculture and services, sectors less resistant to the vagaries of the economic climate, showed a more irregular growth pattern, although these mustered a total of 3,141.9 million, or 19.9 per cent of all financing to the community. Investment financing in basic industries levelled off, leaving the pace to be set by the manufacturing industry, in particular motor vehicles, mechanical engineering and foodstuffs. There was an appreciable increase in credit for SMEs, ninety-five global loans having

[64] On EIB activity in the 1970s, see also Clifton, Díaz-Fuentes and Revuelta, 'Financing Utilities', 63–71.

[65] EIB Annual Report 1973, 19.

[66] EIB Annual Report 1974, 19.

[67] TNA – BT 177/2865, Letter 'Visit from EIB' from M. Vile (Department of Trade and Industry) to W. Denners (Department of Energy), 4 Oct. 1975; HAEU – BEI/P/CA/121 – Board of Directors, Minutes of the meeting, 20 Oct 1976.

[68] EIB Annual Report 1982, 9–11.

[69] HAEU, EIB – PV CG-45-78, Record of the meeting of the Board of Governors, 19 June 1978.

[70] HAEU – EIB – PV CA – 220-79, Record of the meeting of the Board of Directors, 20 Feb. 1979.

[71] EIB Annual Report 1982, 9–11.

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been granted for a total of 1,226.1 million, under which allocations were made in a wide range of sectors where ventures are far more labour intensive than is the case with larger-scale projects.[72]

In the 1970s, the definition of the regional policy and the elaboration of new common objectives triggered by the shift and changes in the global economy led the EIB to refocus its area of activity so that an EEC policy logic started to appear. The lending operations became coherent with the policy priorities established by the European Council and the EEC institution, thus reducing the number of blank cheques received by the member states.

Conclusions

This article presents a new perspective on the EIB's evolution into an EEC policy-driven institution. It sheds light on the significant factors that contributed to this transition, emphasising the crucial role of the 1970s as a period of transformation. The analysis situates this evolution in the wider context of EEC institutions and governance, underlining the EIB's relationship with both the EC and the member states. This article has shown that, until the 1970s, the lending policy of the EIB followed the political choices of each member state. The bank's lending authorities directed their loans towards the national areas of development and preferred projects that fulfilled the priorities of the member states. Member states set the standards of the lending policy and effectively filtered out projects so that the EIB merely endorsed decisions made in the capitals. The lack of indications from the EEC institutions and the control over the EIB's lending by national governments meant that the bank's loans could be used rather more individualistically by each community country in pursuit of national aims and less in favour of regional as opposed to national developments.

The transformation of the EIB into an EEC policy-driven institution started in the 1970s in response to developments in the political and economic environments. The definition of the common regional policy, the elaboration of new common policies, stagflation and the energy crisis led the EEC institutions to provide major guidance on EIB operations. These developments affected the action of the EIB, which was called upon to adapt to the identified policy priorities and to reorient operations within a more coherent framework than that of the 1960s. As more specific common policies were put on the EEC agenda and as the EEC institutions started to identify the policy priorities, EIB lending shifted from a country logic to an EEC policy logic.

This shift was also reflected in the operations. Although, in 1980, operations remained heavily concentrated in those member countries where regional problems were most acute, a high proportion of financing was also allocated for energy projects and a numerical increase in operations supporting small and medium-scale industrial ventures could be observed. The transformation of the EIB into an EEC policy-taking institution would then be reinforced in the following years. Under the input of the Single European Act (SEA) in 1986, the European Council called the bank to broaden its lending to areas such as services, SMEs and the protection of the environment. The Treaty of Maastricht of 1992 encouraged the bank to become more involved in the activities of structural funds with regard to supporting trans-European networks, strengthening industrial competitiveness and protecting the environment. In the 1990s, against the ongoing debate on the role of public financing institutions in the economy and in a more efficient financial environment, the EIB had to more carefully select its lending operations and justify the compliance of its operations with the guidelines of the EU Council of Ministers. Overall, it would take more than twenty years for the EIB to become the financial arm of the EEC, as had been established in the Treaty of Rome.

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72 EIB Annual Report 1981, 79–81.

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