

European Big Business in a European Perspective?

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Youssef Cassis¹ book is most welcome. It does not limit big business to manufacturing industry, but includes services and utilities. It is a timely addition to our expanding international corpus of knowledge on big business, yet it does not completely set aside the issue of the relations with small business (see the last chapter). It focuses on Britain, Germany and France, yet it keeps an eye on the broader European picture. It is very convenient for the English-speaking readers as it brings to them a synthesis of recent research published in German or French, a good deal of which has not caught the attention of many business historians. It is also useful for French or German historians themselves, who lacked an overall view on the evolution of European big business during the 20th century. This is why I drew the attention of the French daily newspaper *Le Monde* on this book, which was very favourably reviewed in the autumn of 1997 despite the fact that French dailies generally do not cover books in foreign languages. Finally, it is an excellent example of comparative history, which is usually highly recommended but rarely put into practice.

The approach having been praised, let us come to the thesis of the book. It defies conventional wisdom, as books should always do. Britain's firms are big and beautiful. Germany's firms are not the best pupils of the class, as all of us used to believe. French companies are somewhere in between, as European business historians generally thought, contrary to their American counterparts. The revision thus puts Britain as the real winner of the book. The loser is Alfred Chandler. Not the main editor of *Big Business and the Wealth of Nations* [Chandler, Amatori and Hikino, 1997], which appeared slightly after Cassis' book. But the adventurous author of *Scale and Scope* [Chandler, 1990] whose both empirical findings and theoretical assumptions are challenged. There the book is one more sequel to the long array of British scholars' criticisms or rebuttals of the Chandlerian thesis since the mid-1960s and especially since 1990.

It is not my intention to challenge the main results of the study, which deserve our consideration. But I would like to discuss the selection of the sample, some gaps of the book and the difficulty for the reader to go from the three nations under survey to a European view of big business. So my final question will be: has the book really departed from the Chandlerian approach?

¹ Youssef Cassis, *Big Business: the European Experience in the Twentieth Century* (Oxford, 1997)

The Selection of the Sample

Youssef Cassis' sample of large firms relies on two types of assumptions which both improve Britain's image at the expense of Germany and France.

First, Cassis leaves out of his study the railway companies, the state-owned enterprises and the unlisted firms. There are good methodological reasons for each of these three decisions, and *Scale and Scope* had made similar exclusions. But the consequences are far-reaching. The restriction of the list for instance eliminates many of the more remarkable French firms of 1912 which were not public. These include Renault in autos, Michelin in tires, and Amédée Prouvost in textiles. Similarly, the largest French bank since at least the 1980s, the *Crédit Agricole*, is omitted of the book. We could make the same analysis for the non-incorporated firms of Germany. Of course, homogeneity and availability of sources plead for this exclusion. However there is a huge difference of size between the British Stock Exchange and the French and German bourses. So, the exclusion of unlisted large firms brings about a sample which in part reflects the inequality of size between the three European financial markets and this amplifies a British advantage that otherwise would not have been so strong. This is particularly true before the 1970s. It also puts continental family capitalism partly out of the picture, although its assessment is a major topic of debate. It should be observed that the more recent work on the contemporary large firm in France [Smith, 1998; Kogut, 1998] has started to take unlisted firms into consideration. In addition, the partial omission of some state and nationalised companies, although quite logical too, reinforces the advantage of the British capital market, and one should now attempt to weigh how it affects international comparisons.

Second, Cassis takes two criteria in conjunction to identify the large firms: the workforce and, because big business "is not entirely made up of large employers," paid-up capital. He sets the minimum required for the workforce at 10,000 employees for the entire century and the figure concerning paid-up capital at £ 2 million before 1914, £ 3 million for the late 1920s and £ 5 million for the 1950s. For the purpose of international comparison these criteria can be easily justified. But if one compares the first to the yardstick of 1000 employees used for the pre-1914 years by previous studies [Kocka and Siegrist, 1979] it works in my view in favour of "the first industrial nation" and at the expense of France. As for the use of paid-up capital with a high yardstick, it is indeed more objective for an international comparison than ranking the largest companies of a given country by total assets as done by many authors [including Chandler, 1990]. But here again share capital is depended on the strength of the financial market, a variable which makes it easier for British firms to qualify.

In other words, I miss a reflection in the book about the impact of the criteria chosen on the image that Youssef Cassis draws of "the European experience" of big business in the twentieth century. Each sample in previous stud-

ies had biases. This one has too. But the book has also a few gaps, which, to me, suggest that on some issues it has a traditional approach.

Differences in Emphasis

Bearing in mind current trends in history, one can but miss the little space devoted in the book to two dimensions of big business which supplement the firm's own perimeter in national boundaries: multinationals and networks.

At this conference, just a year before the book was published, Mira Wilkins invited business historians to think internationally: "International firms operate in a global economy. [...] Major businesses are not solely national" [Wilkins, 1996]. Europe is clearly an area to which this invitation applies, given the precocity and importance of European multinationals in the three nations under survey but also the penetration of American multinationals on the continent. Here the book takes a rather defensive option. International trade and commerce, foreign direct investment, foreign subsidiaries are all mentioned, but briefly. A few European multinationals are used as frequent examples, like Unilever or British American Tobacco. A smaller number of American multinationals (Ford, General Electric, GM, etc. but neither IBM nor Kodak) get passing references. Youssef Cassis justifies his position at the final page of his conclusion by reasons of homogeneity: "National comparisons have their limitations. They cannot take full account of [...] the international where multinational companies can transcend national constraints."

Networks of firms are not discussed. A different choice would have cast light on the ways in which large corporations can become the core of a nexus of small and middle-sized related and ancillary firms, as the recent work by Chandler has shown or, as Phil Scranton, Charles Sabel and others contend, clusters of middle-sized firms remained, in specific industries or regions, viable and competitive alternatives to major companies.

On another hand, two topics duly analysed in the book might have deserved more qualifications.

One is the issue of education. Following recent literature, Youssef Cassis argues that "the differences in education and training between British, French and German top businessmen had little effect on business or economic performance." Indeed. But he could have gone further in two directions. First it would be to show how different types of entrepreneurs use differently the education system. In provincial France one third of family business leaders accomplished their secondary education in private schools, a much higher proportion than salaried managers of French private firms, of State-owned enterprises and multinationals. In Paris, a vast majority of business families used to send their children to the State secondary schools of the brightest reputation. Another way would be to connect education with national economic specialisations. Here one thinks of Germany. Youssef Cassis' welcome emphasis about on-the-job training in Germany and about the idea that until the 1950s only "half the university-educated German business leaders had received a scientific

and technical training” does not destroy those interpretations which refer German excellence in chemicals, electricity and electronics to the science-based education of their businessmen, even if one agrees with the author that applying science to industry was a universal phenomenon in this century.

The other topic is the intertwining of business and politics. It is covered in part of the two final chapters. Youssef Cassis’ careful comparisons once again of the three nations under survey still leave space for some questions. Louis Galambos has often suggested that for the US large corporation of the twentieth century presence in politics has become one part of its organisational capabilities. Is it the same in Europe, as some business histories of petroleum companies or the institution of company representatives in Brussels to deal with the European Commission would lead us to believe? Do we have here business groups which achieve growth via politics, as in Italy? How do large firms take into account European trade unions’ use of their political resources to increase their position in industrial relations? Are European governments, despite claims to the contrary by the trade associations duly studied in the book, actually parts of national enterprise systems, whose workings influence the firms’ performances? In the international comparison which is the basis of the book, how do the national combinations of religions and the differences in culture account for the various national patterns of relationship between business and politics which one could draw from the book? And, on a less general level, is not the presence in politics of businessmen a little undervalued by Youssef Cassis? I am thinking, for France, of aristocrat MPs marquis de Solages and count de Dion, or ministers Rouvier and Loucheur, and of the influence of big business in some major debates in foreign policy.

In conclusion, I am thankful to Youssef Cassis for having produced the first truly comparative history of big business in Western Europe’s three major countries. It is a book which will be widely used, not simply by students but by scholars. Still two problems remain. The first is that, despite the accurate analysis of the trend towards convergence among European countries during the last fifty years, the book does not give us the salient features of European large firms in comparison to their American counterparts. Youssef Cassis should assemble the hints which are strewn throughout the book. The second is that, despite a view of the performance of British and German large firms which is very different from Alfred Chandler’s and a welcome emphasis on the non-industrial sectors of the economy [Lamoreaux, Raff, Temin, 1997], Youssef Cassis does not depart so much as he believes from the main aspects of the Chandlerian approach of the firm.

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