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Laurence Badel, *Diplomatie et grands contrats. L'État français et les marchés extérieurs au XX^e siècle*, series *Internationale*, 80, Université Paris 1-Panthéon Sorbonne, Paris, Publications de la Sorbonne, 2010. 512 pp. €40 (cl). ISBN 978-2-85944-656-7.

Review by Hubert Bonin, Sciences Po Bordeaux/GRETHA research centre.

The book by our colleague from Strasbourg University tackles an issue which French experts (and politicians somewhat) have repeatedly raised, that of the competitiveness of the French economy, both against the big players and among the middle-sized, but specialised countries scrambling for market share in the export field. This inferiority complex on the part of the French dates back, with some nostalgia, to what was imagined as the “good times” of Colbertism and mercantilism, contested by the United Kingdom, Germany, then by the United States or elsewhere between the 1820s and the 1880s. French companies still today seem to be unable to move on the worldwide scene without some “umbrellas” supplied by the state administration, in the form of either financial support, diplomatic commitment, or the help of key departments of the administration.

The intimate personal point of view of the author, as we can perceive it here and there, is that this perception was confirmed by reality, that French capitalism lacked dynamism, substance and a sense of entrepreneurship, and had missed opportunities for growth on the European and the global stage, demanding a renewal of support from the economic State apparatus. Badel criticized banks and managers for narrow vision and international timidity—even if the two last parts of the book could be seen to suggest a thoroughly opposite explanation, as Badel insists on the important initiatives launched by bankers and the adaptability of numerous big firms.

This might be seen as the basic foible of such a book which is, notwithstanding, a superb study, rich with quality and sharpness, and informed by broad reading in the archives. Badel has scrutinised a huge quantity of the public archives, as well as those of business organisations who acted as lobby groups to ensure this commitment from government. This approach contributes to the book's fairly balanced approach, considering the viewpoints of both the government and business lobbies. As a result, the book makes an important contribution to business history both on a French level and also on a European one because of the arguments about competition between countries.

A chronological structure guides the reader. For each period, Badel provides a survey of the various stakeholders who contributed to building French economic and business power abroad. Project financing and bank credits were often at stake, but the mobilisation of the portfolio of skills in engineering, transfers of technology, designing “big projects” are well-scrutinized through a fine-tuned analysis. Understandably, because of the configuration of sources, the study focused on “big” capitalism and business, and still today “the flight of wild geese” led by big firms is supposed to draw behind it scores of subcontractors and suppliers from the pools of medium-sized companies. Anyway, some reforms (such as credit insurance in the 1920s and specialised forms of credit for exports) were supposed to involve a broad range of those medium-sized bodies. Well-practiced today and since the Clinton years of the 1990s, economic diplomacy has rested on a heritage of practices conceived as early as the First World War, and Badel describes the construction of this history precisely and with considerable finesse.

Each chronological part grapples with recurring attempts by the State, in conjunction with various representative groups of interests, to reverse the plethora of weaknesses in methods, financing, prospecting,

and in the territorial scope of investors and merchants, all in the name of competitiveness. The mindsets of the experts are made clear through a careful mining of the relevant archives. The financial challenges—how to sponsor exports and contracts?—are made evident. The key actors within the upper administration are carefully scrutinised. The Finance Ministry struggled to remain the master of such moves, especially the Treasury, which was in charge of international monetary and finance matters: its pervasive role is made clear. But the originality of the book lies in its history of a dedicated administrative department that came to be in charge of external trade, the *direction des relations économiques extérieures* or DREE, located within the ministry of Finance. It was a repository of crucial expertise and a source of foreign and business connections. Conversely, the Foreign Affairs Ministry continually asserted that it was invested with the task of negotiating the whole range of international treaties and agreements and fought successfully not to lose that function to DREE. Badel relates, step by step, argument after argument, the resulting trench warfare which erupted repeatedly.

Senior civil servants, all from the same social background and schools (Sciences Po Paris, mainly, and the engineers' *grandes écoles*; but also the *École nationale d'administration*) and steeped in a culture which believed in the powers and mission of the State, became important players in French expansion. Many also joined big companies in the mid-1930s and 1940s, helping to create a homogeneous *milieu* and facilitating an understanding between the Ministers and companies. This osmosis explains that, despite the intensiveness of the competition between the various bodies of the Administration, informal agreements were reached and, after months of squabbles, common interests prevailed and compromises were struck. The book insists on the role played by a few brilliant and insistent key figures, as heads or deputy chiefs of ministerial departments, settled differences, cemented the task-forces created to promote projects of reform, and penetrated the committees responsible for economic and financial international negotiations.

In the wake of the First World War, the Ministry of the Economy tried to accelerate the move to improve France's competitiveness in the face of the resurgence of Germany, the growing power of European competitors in Central and Eastern Europe—after the disintegration of the Soviet bloc—and the Americans' breakthrough in Latin America. The arguments among experts and the variety of solutions proposed led to a number of effective initiatives, even if the Ministry of Finance kept the lead, such as the system of credit insurance (pp. 75-81); special credits for exports; and the development of experts earmarked to advise exporters, either within embassies (*attachés*) or among the business communities active abroad (*conseillers du commerce extérieur*). Corporate business was somewhat squeezed between the Ministry's "liberal" and "antistatist" stances and its calls for State support; but the committees defined points of convergence.

The building of a new *modus operandi* had to wait for the mixed economy which France pursued after the Second World War, with a true model of cooperation between the State and business taking shape and flourishing in the 1940s through to the 1970s. Badel artfully analyses the emergence of such means of cooperation, as well as the struggles among the ministries. She also takes into account the competition between British, French and German forces of expertise, insurance and credit that forced a permanent adaptation of the French State's "toolbox" in that field of international economics in order to help companies engaged in exports and wishing to develop their international market share. Numerous sections therefore mix business history, the history of the State apparatus, and political and administrative science, which explains the richness and accuracy of the analysis. It is a "state of art" study of the subtleties of these negotiations, anchored firmly in the archives.

As a true historian, Badel could not ignore the responsibilities assumed by a few key figures among the pool of senior civil servants (Nathan, Kojève, Larrera de Morel between 1962 and 1978, Chapelle, et cetera) who built a robust administration mobilised to promote the international position of the French economy in the shape of DREE, located within the Finance ministry, and the General Secretary for International European Cooperation, reporting directly to the Prime Minister himself (pp. 148-167). They initially acted either under the impulse of modernisation or the Marshall Plan during the Fourth Republic, then got incorporated into the Gaullist schemes of intense modernisation and their demand for powerful competitiveness, even if the Treasury itself never gave up its prerogative over financial issues and its control over State bodies (one financing insurance credit [the *Compagnie française d'assurance-crédit*/COFACE]; another granting middle term credits

[the *Banque française du commerce extérieur*])—all in the context of the progressive liberalisation of French external trade and the completion of GATT.

The scramble for contracts is related in narrative form, with business, State experts and State bodies cooperating to prop up project financing, engineering, and industrial complexes abroad—initially in Latin America, then increasingly in Eastern Europe (and the USSR), or with recently independent Third World countries, often with the crucial cooperation from key banks (the leaders of that time) such as Paribas, Société générale, and Crédit lyonnais (pp. 270-299). Such a breakthrough abroad was propped up by imaginative and new types of credits (known as “buyer credits”, pp. 263-269), and the recruitment of open-minded experts to the upper ranks of the ministry’s divisions. They and the bankers cooperated more and more intimately with the businessmen’s federative organisation CNPF (*Conseil national du patronat français*), which involved itself in the process in order to strengthen the industries competing with the Americans and the European leaders, and France tried some original tactics to loosen their grip. In every country, French businesses can rarely act without close cooperation with the State economic apparatus. In France, a landmark of this strategy was the creation of an interdepartmental agency for technical transfers and cooperation (ACTIM) in 1969, a cornerstone for dispatching French engineering expertise abroad. That led to the refurbishing of classical diplomacy itself, which became oriented towards commercial promotion beginning in the 1960s.

Certainly liberals will consider the book to be a contribution to the legend of that stage of mixed economy. But, after all, other countries also followed such practices. France could not escape such methods nor the growing osmosis between big business, banks and the State. Economic geopolitics was at the centre of the arguments and the classical forms of diplomacy had to evolve in order to tackle issues such as binding loans, bilateral clearing, middle-term inter-State economic cooperation, even if the background was that of multilateralisation and trade integration—as day-to-day and basic industrial exchanges increasingly involved a growing number of activities not traditionally considered a matter for “economic diplomacy.”

One observation to complete this review: beside the solid history of the French Treasury by Laure Quennouëlle-Corre [1] and a dozen decisive studies about European economic cooperation and competitiveness (thanks especially to the teams of Belgian Michel Dumoulin and French Eric Bussière), Badel’s contribution to international business history and economic diplomacy cannot be ignored because of its seriousness, sweeping research and, above all, because of its clear-cut and fine-tuned analysis.

NOTES

[1] Laure Quennouëlle-Corre, *La direction du Trésor, 1947-1967. L’État-banquier et la croissance* (Paris: CHEFF, 2000).

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