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Hervé Joly, *Diriger une grande enterprise au XXe siècle: L'élite industrielle française*. Tours: Presses universitaires François Rabelais, 2013. 428 pp. 22.00€. (pb). ISBN 9792-8690-629-86.

Review by Harold James, Princeton University.

Hervé Joly has written an important and comprehensive study of the French industrial elite from the early twentieth century until the 1970s. It is a substantial advance on earlier work focused on business leadership by Maurice Lévy-Leboyer, and also on a much cited study of Pierre Bourdieu and Monique de Saint Martin that investigated the phenomenon of "social reproduction."[1] The core of Joly's work, aimed primarily at an academic audience, revolves around analysis of the biographies of 194 managing directors from 21 large private companies. State-owned companies are excluded, although their inclusion would certainly have bolstered the force of Joly's main conclusion (see below). The criteria for selection are slightly uncertain, since there is not enough detailed information available to really provide a comprehensive ranked list of the largest French companies for the whole period of the study. I don't think that the fuzziness about the selection process undermines the striking overall result of the analysis.

Joly opens with a discussion of the legal position of French business leaders: there was an evolution from a dual model, in which a council of administrators appointed by the shareowners of a joint stock company and often headed by a president, controlled a management under a director-general, to an integrated control by a PDG (*président-directeur general*) or CEO. The turning point was a modification of company law in 1940 and 1943 under Vichy. It is somewhat unclear whether this was motivated by an explicit concern with emulating Germany and applying the *Führerprinzip*, but it strengthened the position of the heads of the major French businesses.The first major part of Joly's book examines the part of the sample that might be described under the category of "family capitalism": where business leaders were recruited because of their relationship to the company founders or to crucial managers. Joly rightly distinguishes different varieties of family capitalism, as relating to either ownership or control of management. Of the firms studied, only three (Lafarge, Michelin and Wendel) had exclusive family ownership of capital and complete control of the management. But equally, only four are characterized by inexistent family management and negligible ownership of capital by the founding families. In most cases, there is a gradual withdrawal. Judged by these criteria, Joly makes a good case that France should not really be considered a country in which the model of family capitalism is preponderant (as was argued in a famous article by David Landes).[2] He also comes to the astute but not surprising conclusion that there is no evidence that family firms performed significantly better than others, or that the model of family capitalism has substantial advantages. On the other hand, there is equally no evidence for the reverse thesis--that was very popular especially in the mid-twentieth century--that family capitalism could explain industrial retardation and economic stagnation.

The second part of Joly's study, however, does make a major explanatory claim. There is a national uniqueness about the origins of the non-family CEOs. They came from the elite *grandes écoles*, and above all from the École Polytechnique. Only the two family companies, Michelin and Wendel, did not have a *polytechnicien* as CEO in the period studied. Joly argues that this background in a school whose fundamental purpose was to train engineers for the service of the state had profound consequences for business strategy. It made, on the one hand, for an ignorance of the precise technical possibilities of the companies that the CEOs directed. The chemical companies, Rhône-Poulenc and Kuhlmann, suffered because they did not have trained chemists and pharmacists at the top. The consequence of the formation (educational and professional) of directors was equally devastating in the steel industry, and Joly uses it to set up an interesting hypothesis on the differing fortunes of German and French steel companies. The French formation encouraged thinking in large-scale technocratic answers, such as moving to high-volume sheet mills with continuous production. By contrast, the German recruitment of elites did not have this scientific type of state orientation, with the result that business leaders experimented much more, moving into steel products, machine tools and engineering. This offered a greater potential for added value.

The overall argument fits well into a general discussion of France's recent relative poor performance, but the performance outcome is really most evident substantially after the period in which Joly studies the mechanisms of elite recruitment. Another part of the Franco-Geman contrast is not really studied, although it might fit in well with Joly's evidence. Why is the French industrial structure of the late twentieth century dominated by very large companies, whereas Germany (or Spain or Italy) have a much larger range of enterprise sizes, with dynamic small- and medium-sized enterprises. Education--and specifically the German tradition of vocational training--must play a role in that evolution, but it could be that the preponderance of a statist-oriented business elite and the interconnections of that sort of business with government officials and with the political elite results in a policy environment that is actively hostile to small- and medium-sized enterprises. If that is the case, France is paying a very heavy price for a set of recruitment practices deeply embedded in French culture.

NOTES

[1] Maurice Lévy-Leboyer, "Le patronat français a-t-il été malthusien?", *Le mouvement social* 88(1974): 3-50; Maurice Lévy-Leboyer, "La grande entreprise : un modèle français," in Maurice Lévy-Leboyer (ed.), *Entre l'Etat et le marché : l'économie française des années 1880 à nos jours* (Paris: Gallimard, 1991), pp. 365-410; Pierre Bourdieu and Monique de Saint Martin, "Le patronat," *Actes de la Recherche en sciences sociales* 20-21(1978).

[2] David S. Landes, "French Entrepreneurship and Industrial Growth in the Nineteenth Century," *Journal of Economic History* 9(1949): 45-61.

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