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**Michael Stephen Smith**, *The Emergence of Modern Business Enterprise in France, 1800-1930*. Cambridge, Mass. and London: Harvard University Press, 2006. x + 575 pp. Tables, notes and index. \$59.95 U.S. (cl). ISBN 0-674-01939-3.

Review by Colin Heywood, University of Nottingham.

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American scholars have always played a prominent role in the historiography on French economic development. It was, after all, the Americans Shepherd B. Clough, David Landes, and John Sawyer who launched the modern debate in the aftermath of the Second World War, with a flurry of articles emphasizing the “retarded” nature of French development and the weakness of her entrepreneurs. When a ‘revisionist’ interpretation came along during the 1970s, asserting that the French economy performed well in comparison with other industrializing nations, American historians such as Richard Roehl and Rondo Cameron were on hand to champion the cause.[1] Michael Stephen Smith has already established himself as a worthy member of this transatlantic contingent with his study of tariff reform during the late nineteenth century.[2] This time his topic is the shift from small-scale merchant capitalism to large corporate enterprises in modern France.

French scholars have sometimes resisted this invasion from across the Atlantic. Smith very properly confronts the charge that applying American models of business development to the French case may be unhelpful. He draws his theoretical framework from the work of Alfred D. Chandler, Jr., focusing on the rise of “big business.” Hence his central argument is that the same forces that were encouraging large and complex business organizations in the United States, Germany, and Britain were also at work in France. Furthermore, he suggests that the early twentieth century was the “seedtime” for modern, managerial capitalism in France, as was the case among her rivals (p. 2). His answer to the charge of being “Americentric” is to point to the French record, and note that companies there have increasingly adopted American business practices, in the form of diversification and multidivisional organization, particularly during the second half of the twentieth century (p. 487). The evidence does indeed support the notion of an increasing “Americanisation” of the economy—though whether it went that way fast enough is open to question.

The author places himself firmly in the “optimistic” camp among economic historians. From a business-history perspective, he emphasizes the “considerable achievement” (p. 5) of the French economy over the last two centuries, as opposed to the alternative, “pessimistic” story of missed opportunities and entrepreneurial failure. Thus he notes that during the second half of the twentieth century France was able to overtake Great Britain, close the gap with Germany and the United States, and re-establish her earlier position as the fourth largest economy in the world (pp. 483-4). At the same time, he disputes the common assumption that France took a special path to development, one that avoided some of the horrors of the factory system. He counters, as already noted, that the French experience was “simply a variation on what occurred in the other leading industrialized countries” (pp. 4-5). To make this case, he has an impressive amount of research behind him, spanning fifteen years of work on the project. He has some obvious primary sources, such as annual company reports, the jury reports for international exhibitions in Paris, and the enthusiastic descriptions of large factories and their machinery written by the business journalist Julien Turgan in the late nineteenth century. He also uses the numerous business histories written by French and “Anglo-Saxon” scholars: a mine of information for anyone with the patience to read them.

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The book takes the form of “a drama in three acts.” A preliminary chapter outlines the first stirrings of capitalist enterprise during the early modern period. Part one analyses in straightforward fashion the development of commercial and finance capitalism during the nineteenth century, notably the modernization of commerce, transportation and banking. Part two outlines the “flowering of industrial capitalism” during the same period. The work takes a more polemical tone here, asserting that “the central theme in French industrial development in the nineteenth century was not the persistence of small-scale, craft-based enterprise but the advent of large-scale, machine-based enterprise” (p. 128). In a sense this is unexceptionable, though many authorities have preferred to draw attention to French reliance on small workshops and a relatively small scale of plant when compared to her major competitors. In this part of the work, the author begins by discussing firms in textiles, coal, and iron and steel: industries where a large scale of production appeared early. He then moves on to those in branches of industry where factories and artisan workshops co-existed, but which still threw up some very large enterprises, such as chemicals, glass and clothing.

Finally, Part Three brings us to the core of the work. Here Smith documents his thesis that the Second Industrial Revolution and the expansion of the period 1890 to 1930 saw the introduction of managerial capitalism to France. This, he argues, set French business on the path it would follow for the rest of the twentieth century (p. 9). Whereas most business historians have decided that French firms were too small to merit the term “big business” at this period, Smith insists that the “Chandlerian paradigm” is relevant’ (p. 328). Hence the star performers of this section are that cluster of very large French firms that have remained outstandingly successful throughout the twentieth century, such as Schneider at Le Creusot, Renault in Paris and Michelin at Clermont-Ferrand. There is a useful table here, revealing the fifty largest manufacturing firms in France in 1936, followed by an analysis of big business in steel, electrical goods, automobiles and chemicals. There is also a chapter on the development of the ‘organizational capabilities’ in these firms that allowed many of them to maintain their dominant positions in the domestic and even the global markets.

The book stands out as an impressive synthesis of a huge amount of material on modern French business history. The author has mastered the details of a wide range of industries, produced a very readable, jargon-free account, and argued his case consistently. There is a pleasingly polemical tone to much of the work, which holds the attention of the reader. The author is at his most persuasive in drawing attention to the achievements of very large French firms operating during the nineteenth and twentieth centuries, and the elements of continuity running from the period 1890–1930 to “*les trente glorieuses*”: the thirty or so years of unprecedented prosperity that followed the Second World War. This often requires a determinedly optimistic tone, such as the observation that although “the French failed to capitalize on early opportunities and were soon relegated to the periphery of the industry by innovative German and Swiss firms...one should not overestimate the degree of French failure” (p. 229). Nonetheless, it is useful to be reminded of the “enormous strides” in industrial development during the nineteenth century, and the huge scale of operations at, among others, Anzin in coal, Dollfus-Mieg in spinning, and Saint-Gobain in glass and heavy chemicals (p. 324). At the very least it is an antidote to the generally critical stance of a historian like Robert Locke when discussing the adoption of capital-intensive, technologically progressive forms in French industry.[3]

Smith is also on solid ground when challenging the common assumption that the “*trente glorieuses*” were the outcome of post-1945 developments such as Marshall Aid, a population explosion and membership of the European Economic Community. His conclusion is that “All these things certainly contributed to France’s post-1945 successes, but they would have had little permanent impact had there not been modern enterprises in place that were capable of carrying out a large-scale program of industrial renovation and expansion” (p. 491). Quite which is the decisive influence is difficult to determine, but the plea for a long-term perspective on recent French economic development is compelling.

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However, there are dangers in telling the story of the modernization of French business between 1800 and 1930 “with an eye to France’s eventual success in the late twentieth century” (p. 5). It is by no means obvious that research at the level of the firm revealing the existence of a number of large and technically innovative enterprises will overturn the ‘pessimistic’ interpretation of the French performance before the Second World War. A recent survey of French economic performance by Jean-Pierre Dormois, for example, argues that during the so-called “Belle Époque” (1900-1913) it was becoming clear that France was failing to take advantage of her precocious start to industrialization. Dormois asserts that the French innovated only “timidly” in the new technologies of the Second Industrial Revolution that they attempted to shelter themselves from the strains and stresses of development with ‘nationalist’ economic policies, and struggled with a narrow domestic market.[4] Such a view is itself contentious. All the same, it must be said that Smith largely eschews the quantitative evidence that would have allowed him to assess labour productivity in large and small firms, the appropriateness of mass production for French conditions (only briefly alluded to in the case of the automobile industry), and the overall scale of French industry in comparison to its competitors. The result is that some of his “optimism” is simply asserted rather than convincingly documented. As a final quibble it might add that the absence of a bibliography is frustrating for readers of a scholarly monograph. Overall, though, the work is a masterly account of the emergence of “big business” in France, and an obvious starting point for those interested in French business history.

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#### NOTES

[1] For a recent survey of the historiography on the nineteenth century, see François Crouzet, “The Historiography of French Economic Growth in the Nineteenth Century”, *Economic History Review*, 56 (2003), 215-42.

[2] Michael Stephen Smith, *Tariff Reform in France, 1860-1900* (Ithaca, N.Y.: Cornell University Press, 1980).

[3] R. R. Locke, “French Industrialization: The Roehl Thesis Reconsidered”, *Explorations in Economic History*, 18 (1981), 415-33.

[4] Jean-Pierre Dormois, *The French Economy in the Twentieth Century* (Cambridge: Cambridge University Press, 2004), ch. 2. For a similar line of argument, see also Maurice Lévy-Leboyer and François Bourguignon, *The French Economy in the Nineteenth Century: An Essay in Econometric Analysis*, transl. Jesse Bryant and Virginie Pérotin (Cambridge: Cambridge University Press, 1990).

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