

HENRY W. EHRLMANN

Organized Business in France



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**ORGANIZED BUSINESS
IN FRANCE**

"To sum up, one word dominates and illuminates our studies: to 'understand.' Let us not say that the good historian is without passions; at the very least he has the passionate desire to understand—a word, as we well know, beset by difficulties but also full of hope and, above all, of friendship. Even while engaged in action we judge too much. It is so easy to shout, 'To the gallows!' We never understand enough. He who differs with us—a foreigner, a political opponent—is almost always considered evil. Even when battles have become unavoidable one ought to fight them with a little more intelligence of the heart; all the more so when there is still time to avoid them. Once history has abandoned its false pretenses of playing the archangel, it should help us to cure this failing. History is a constant confrontation with the varieties of human conduct, a perpetual meeting with men. Life as well as science has everything to gain when the meeting is fraternal."

Marc Bloch, *Apologie pour l'Histoire ou
Métier d'Historien*

Organized Business In France

BY

HENRY W. EHRLMANN

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Henry W. Ehrmann is a professor of political science at the University of Colorado. His earlier works include *French Labor from Popular Front to Liberation*; *The Teaching of the Social Sciences in the United States*, and numerous articles.

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FOR CLAIRE, MICHAEL, AND PAUL

*with fond memories of past and high hopes
for future common explorations
in the Old World and the New*

F O R E W O R D

The central aim of Professor Ehrmann's book is to examine and to appraise the activities of employers' associations in France. He is concerned with French business as a private pressure group—as an organized lobby—seeking to acquire and wield political power. In this respect, Professor Ehrmann's book breaks new ground. Many studies have been made of *labor movements* and their political activities in France as well as in other European countries, but to our knowledge this is the first authoritative appraisal of an *employers' movement*. It is based upon lengthy interviews with 130 persons possessing intimate knowledge of the organization and operation of French employers' associations as well as upon an exhaustive analysis of the pertinent documentary materials which are available. Consequently, political scientists will welcome this volume as an important addition to the knowledge of the role of private interest groups in Western societies.

In our judgment, however, the contribution of this book goes far beyond its stated aim. It provides new and penetrating insights into the thinking and character of the many varieties of French businessmen. It sets forth in a clear and authoritative manner many of the fears, hopes, practices and problems of the modern French entrepreneur. It is as much a study of the philosophy and the mentality of various types of French employers as it is an appraisal of the activities of organized business as such. Although the author says that this volume "cannot pretend to offer a satisfactory behavioral analysis of the French businessman or the much needed description of French capitalism in the middle of the 20th century," it is certainly one of the most objective and definitive appraisals of French management that we have today. This volume, therefore, should be of particular interest to students of labor problems, entrepreneurial history and business organization as well as to those whose major concern lies with private pressure groups.

The Inter-University Study of Labor Problems in Economic Development is extremely grateful for the opportunity to include this volume in its group of related studies on management and labor problems in many countries throughout the world. It is a

logical companion volume to Val R. Lorwin's, *The French Labor Movement* (Harvard University Press, 1954), which was also a part of the Inter-University program. It likewise provides a significant comparative bench mark for the related studies which are under way in other countries. We thus want to thank Professor Ehrmann for his very significant contribution to the research program of our group.

FREDERICK H. HARBISON
Member, Coordinating Board
Inter-University Study of Labor Problems
in Economic Development*

Princeton, N.J.

July 4, 1957

* The objective of the Inter-University Study of Labor Problems in Economic Development is to develop a comparative appraisal of the relationships between industrialization, managerial leadership, and the wage-earning groups throughout the world. The research is financed in part by the Ford Foundation. Its coordinating board consists of: Clark Kerr, University of California (Berkeley); Frederick H. Harbison, Princeton University; John T. Dunlop, Harvard University; Charles A. Myers, Massachusetts Institute of Technology.

P R E F A C E

Originally I planned this study as a companion volume to my earlier book on the recent history of French labor. It seemed to me that the lasting impact of the mass strikes of 1936 and of the ensuing reform legislation could be understood only if attitudes of management as well as of labor were investigated. What had been, I wanted to find out, the political effects of employers' reactions in an era which had seen the demise of the Third Republic and opened the curtain on the interlude of the Vichy regime? Moreover in the meantime a thunderous encore to the events of 1936 was being played: after the liberation of France a pluralist democracy had enacted, once more, bold structural reforms whose success would depend to a large extent on the climate of industrial relations. Reason enough to study how owners and managers were meeting this new challenge to their authority and the demands of a temporarily strong labor movement, at a moment when there was an almost universal clamor that the country be given at last all the characteristics of a developed industrialized society.

But my inquiry rapidly outgrew its initial purpose, partly because of the turn of events in France, partly because of the enlarged scope which has recently been given in the United States to the study of comparative politics.

Whether political power be defined in terms of influence and control, or in terms of recognized and accepted authority, the concern with the phenomenon of power has constantly broadened our investigations of the political process. When our studies were no longer confined to the interaction between properly constituted organs of government, it was recognized that organized private groups other than political parties influence the decision-making process at many points. While it is more than dubious whether as yet a claim can be made that the "group theory" offers a conceptual framework for the analysis of politics in general,¹ there

¹ On this point see the very interesting critical remarks by a British political scientist, W. J. M. Mackenzie, "Pressure Groups: The 'Conceptual Framework,'" *Political Studies*, III, 1955, pp. 247 ff. He notes that "one must either use the phrase 'pressure-groups' as a handy and intelligible colloquialism, or go a very long way into the history of political theory in the last fifty years."

is agreement that at least in all Western societies a significant amount of power is wielded by interest groups.

To have made their colleagues in other lands aware that the study of group activities is important both for a realistic understanding of the political process and, possibly, for the formulation of desirable policies, has often been described abroad as the single most important contribution American political scientists have furnished of late. The discovery that pressure groups are not an exclusively or primarily American institution (only the term seems to have been exported from these shores) was followed by vigorous and justified demands that an analysis of the role played by groups in different countries be made fruitful for a truly comparative treatment of so important a problem of present-day politics. But here great difficulties arise.

In the United States the anatomy, and of late also the physiology, of individual interest groups have been examined in numerous and often searching scholarly monographs, which have investigated the techniques employed by the groups in their drive for influence, their internal structure, the ideas of their leaders, and the position of their members. But outside this country there existed until very recently no adequate studies of any such groups and of their relation to political process or ideology.² To engage in comparisons before data are painstakingly collected, and initial hypotheses formulated and tested, can easily lead to superficiality and may never yield the postulated inclusive theoretical explanation of group activities in the modern state.

When the present volume became, instead of a study in industrial relations (now confined to Chapter IX), an inquiry into the activities of the French business lobby, I could not hope to furnish much beyond a specialized and in some ways preliminary monograph on this influential interest group. The old maxim that a day of synthesis requires years of analysis could have served as sufficient consolation were it not for Marc Bloch's warning that analysis can be used for purposes of synthesis only if it intends from the outset to contribute towards such an ultimate goal.³ To interrogate the facts must be the first concern of the

² See Roy C. Macridis, *The Study of Comparative Government*, Garden City, N.Y., 1955, pp. 46-47.

³ See his "Toward a Comparative History of European Societies," in Frederic C. Lane and Jelle C. Riemersma, *Enterprise and Secular Change*, Homewood, Ill., 1953, pp. 518-19.

researcher who ventures unto an unknown or neglected field, but the questions he addresses to human beings and to documents can and should be shaped by his familiarity with already investigated phenomena. In this sense my study of organized French business attempts to be at least implicitly comparative. Without hunting for resemblances, but also unconvinced that French society has nothing to offer but "originality," I have formulated many of my questions analogously to those which have proven useful for the examination of group activities in the United States, and more particularly of American business associations. Numerous footnotes record my indebtedness to such studies, although an economy of space and effort made it inadvisable to spin out, at this time, comparisons between France and the United States, or between France and other European countries.

If the task of providing empirical data is inescapable (and to me fascinating rather than exhausting), the aimless collection of facts will in the end leave the quest for understanding unstilled. Aimlessness, however, can be avoided only if a generalized scheme of inquiry is suggested and if the study is set into a halfway adequate framework of a group theory, whether of general validity or confined to the functioning of representative government in present-day France. But is it permissible to advance even the beginning of such a theory on the basis of a monograph which has examined only one, however important, French interest group? Here again, besides regrettably unscientific but indispensable "hunches," a cautious application of the comparative method has pointed the way out of the dilemma. If I have tried to formulate (throughout the book, but especially in Chapters V and X) some tentative hypotheses about the general effect of group activities in the Fourth Republic, I have been able to do so only by leaning heavily on parallel investigations of the American, and lately of the British, political process.

Though in all Western democracies, and probably elsewhere as well, interest groups play a capital role in the development of policy, the impact they make quantitatively and qualitatively ("how much" and "to what ends") depends on the interaction between the groups and other familiar factors which shape public life. We have no exact way of measuring political power. But it can be predicted safely that where pressure groups find between their demands and the final authoritative decision the barrier of

well-organized political parties, the influence of groups will be mitigated—at least in a two-party system, where a complete identification of a party with one, even broadly conceived, special interest will hardly ever be possible. On the contrary, in a system that tries to combine parliamentary government with the existence of numerous unstructured clusters hardly deserving the designation as modern political parties, organized interests may reach with ease into the center of decision making. Hence, in post-liberation France the early loss of power by the parties which had emerged from the resistance period strongly disciplined and coalized, led to a proportionate and steady increase of influence for the organized interests until there is today little doubt that the ascendancy of pressure groups is at least equivalent if not superior to that of political parties.

A possible hindrance to the reckless defense of special interests was described by Max Weber, who classified interests as one of the factors bringing—like law, usages, and customs—order into the dynamics of society.⁴ But interests assume that function only where their implementation accepts the restraints which commonly shared political and social values will impose. Where, as in France, consensus on such values is largely absent, the lack of integration will communicate itself to all stages of the political process and will, especially through the unbridled activities of pressure groups, impede the emergence of a setting in which simultaneously ascertained interests could further the establishment of an equilibrium. At this point the study of interest groups can add to our insight into the workings and failings of representative government in France, also because such an approach reduces the importance of the more commonly observed but surface symptoms, like cabinet instability, parliamentary mores, or the electoral system.

No claim is made here that the business lobby is in every situation the most influential of French pressure groups, or that all our findings and generalizations are even *mutatis mutandis* valid for the activities of most other groups. Yet in the present political and economic constellation of France organized business, and its efforts to control or influence, well deserve special attention. If

⁴ See his discussion in *Wirtschaft und Gesellschaft, Grundriss der Sozialökonomik, III Abteilung*, Tübingen, 1922, pp. 15 f.

studies of interest groups can throw the political process into a fresh perspective, they must nevertheless guard carefully against neglecting the cultural context in which interests emerge and act.⁵ The mentality of the French bourgeois, which had permeated the public life of the Third Republic far beyond the ranks of the bourgeoisie proper, has once more waxed strong. The French employers' movement represents quite naturally in many of its concepts that mentality in so pure a form that an inquiry into its activities will, it is hoped, reveal much about the environment in which also other organizations must make and defend their claims. (However, the reader may be warned at this point: the present volume dealing with the *organizations* of business cannot pretend to offer a satisfactory behavioral analysis of the French businessmen or the much needed description of French capitalism in the middle of the 20th century.)

Because the motive forces and incentives of the employers' movement are characteristic of a broad sector of French opinion, this study turns (in Chapters VI-IX) to the ideologies of organized business, whether expressed in policy statements or in day-to-day practices. That these ideologies are to a large extent expressive of a desire to preserve the existing socio-political setting may be expected from business organizations. But that they occasionally (and of late more so than previously) also express a desire for fundamental change points to conflicts within the movement, to the complicated relationship between the managerial elite and the general employers' organizations, and to the as yet undecided question of what role French organized business will be able to assume in economic development.

Economists have reminded us that such factors as capital accumulation and technological progress are only partial determinants of economic development, and that the thoughts and habits of people and the nature of institutions which bind them together are far more decisive.⁶ The thoughts and habits of French management are expressed, frequently perpetuated, and, possibly,

⁵ See the methodologically important introductory remarks in Samuel H. Beer, "Pressure Groups and Parties in Great Britain," *American Political Science Review*, L, 1956, pp. 1-3.

⁶ See Clark Kerr, Frederick H. Harbison, John T. Dunlop, and Charles A. Myers, "The Labour Problem in Economic Development. A Framework for a Reappraisal," *International Labour Review*, LXXI, 1955, p. 224, and the authors cited there.

fashioned by the dense network of highly structured business organizations. The important part played by the latter in the shaping of rules which affect economic growth, and the special significance which a vigorous growth has for the future of French politics, are another justification for singling out the business lobby among numerous other interest groups equally worthy of inquiry.

When speaking of lobbies and interest groups the temptation to present an angry cartoon, and to indulge in gossipy anecdotes, smacking of scandal and indiscretion, is always and everywhere great. Also in the United States muckraking exposés compete with scholarly studies, since this kind of investigation must turn the light on some dark corners of the political process and since the "de-mystification" which is a legitimate preoccupation of the political scientist often invites facile moralizing. In France the strongly legalistic tradition dominant in the study of politics and economics has until recently made serious observers fairly insensitive to the informal factors in politics; description of pressure group activities was therefore left entirely to the pen of polemicists or slanderers.

When I began research for this study I was therefore handicapped, though not astonished, by the apparent lack of serious documentation and monographic treatment. Actually, as my bibliographic references intend to show, the materials for research are far less scarce than the researchers. The multitudinous publications of the employers' movement and of its organizational ramifications, government publications such as parliamentary debates and the minutes and studies of the Economic Council, memoirs of businessmen and politicians (especially those dealing with the critical Vichy period), and articles by public officials, have yielded a wealth of information, far more than I was able to analyze in this volume. Nonetheless, the novelty of the subject, the necessarily biased presentation of most printed materials, and, not least, the groping way in which I approached this inquiry, made extensive field investigations necessary.

Altogether I have conducted, in France, lengthy interviews with about 130 "informants," not counting a great number of informal conversations on my topic. The majority of the respondents are officials either in the central employers' association or in

the most important trade associations, or they are active in specialized and "vanguard" groups of the employers' movement (see Chapter IV). While a considerable number of these pressure group officials are employers or managers in their own right, I also interviewed a number of businessmen who do not hold, or no longer hold, a position in their trade associations but have well-defined attitudes towards the employers' movement. My most important other sources were high civil servants, particularly from those administrations which have frequent contacts with the representatives of organized business; members of both houses of parliament and of the Economic Council; some scholars and writers in the field of political science and economics; and a few trade union officials.

During my early interviews I experimented with the use of a standardized questionnaire seeking answers to questions which have been discussed in regard to American interest groups, and pertaining to the internal structure of the organizations as well as to their participation in the governmental process. But I soon abandoned this approach, when I noticed that the standardization of questions provoked equally standardized answers, and that the high articulateness of the respondents disappeared behind uniform clichés, so that any kind of "quantitative" analysis would have been a sham. From then on my interviews took the form described by sociologists as "circular response":⁷ conversations mostly following and sometimes digressing from an outline prepared by me for each interview, and communicated beforehand to my informants only when they requested it. I re-interviewed approximately one-fourth of the respondents, checking on information that I had previously obtained from them or from others. With some of the younger staff members of the central employers' council I held periodic informal conferences about the progress of my work. While I am prepared to argue that for the interviewing of elites this method is most promising everywhere, I have little doubt that no other technique would have yielded comparable results for the specific inquiry I undertook, and given the circumstances under which it was conducted.

⁷ See Herbert H. Hyman and Associates, *Interviewing in Social Research*, Chicago, 1954, p. 34. I confess that the kind of interviews I conducted had much in common with the techniques described by a Chinese social scientist and characterized (*ibid.*, p. 1) as "contrary to our rules and experience in modern survey research."

The amount of information offered in these interviews was almost staggering, and at first surprising in view of the often stigmatized secretiveness of the French business community. One of the reasons for such a loosening of tongues was a desire to explain the position of the employers' movement to an American observer, after French employers had been attacked by American industrialists, government officials, and journalists for some of the very attitudes I proposed to investigate. In addition, the deep, permanent conflicts which exist between different sectors of the employers' movement resulted in a proclivity to analyze the overall situation to an outsider, to offer arguments in favor of one's own position, and to criticize the opponent.

But if such motives existed they are far from explaining fully the amount of support given to me by many leading officials of the employers' movement and especially by its *Comité Franc-Dollar*, whose staff members never tired of making available whatever contacts I desired or they considered useful. Such assistance, without which my study could never have been written, was on their part a gesture of hospitality which they extended to me as soon as they understood my purpose to be that of a scholarly inquiry. Our meetings were indeed "fraternal," as the great Frenchman Marc Bloch, murdered by the Nazis, wanted all historical studies to be.⁸ In the pages of this volume many of the men who talked to me freely and cordially will find critical judgements that will displease them, or evaluations with which some of them will hardly agree. I hope and trust that they will understand the spirit in which such remarks are made, and will not accuse me of having misused their confidence, for which I express once more my gratitude.

In accordance with the wishes of my respondents I have not attributed any of the oral statements made by personalities of the employers' movement, by government officials, or by members of parliament. Where footnote references are lacking, my sources are usually notes recording carefully my interviews and checked for accuracy with many of those interviewed.

No similar concern for discreetness prevents me from acknowledging my indebtedness for advice and for help in establishing useful contacts to a number of French scholars and writers.

⁸ In the passage chosen as the motto for this book.

Messrs. Raymond Aron, Maurice Byé, Jean-Jacques Chevalier, Michel Collinet, Maurice Duverger, Jean Gottmann, Georges Lasserre, Jean Meynaud, André Siegfried, and Etienne Weill-Raynal have all shown a gratifying interest in my study in its early stages. My friend M. François Goguel not only assisted me actively during my stay in France, but has since given the entire manuscript a thorough reading. His insight and constructive suggestions have helped me avoid many a pitfall.

In the United States my friend Professor Val Lorwin has given me that full measure of sympathy of which he is capable. In conversations in Paris, Chicago, and the Rocky Mountains we have discussed every aspect of my project; from one version of the manuscript to the next he has constantly advised me on fundamentals, presentation, and style. M. Stanley Hoffmann, formerly of Paris and now at Harvard, has offered invaluable criticism, especially but not only concerning the chapter on Vichy. Professor Gordon Wright of Stanford University and Mr. Philip Williams of Oxford, and temporarily at Columbia University, went over the manuscript most helpfully before it went to press. In June 1955 I was privileged to present something like a synopsis of my book to the Conference on the Comparative Method in the Study of Politics, held at Princeton under the auspices of the Social Science Research Council. I greatly benefited from the observations offered by the members of the Conference. Conversations with its chairman, Professor Gabriel Almond, who in the meantime has also plowed through the final manuscript, have been most useful. Professor Reinhard Bendix of the University of California, and my colleagues Morris E. Garnsey, William Petersen and Clay P. Malick of the University of Colorado, have read different parts of the study and given me their expert advice.

The favorable winds of the Fulbright program brought Mlle. Christiane Rudaux as a graduate student from Paris, Seine, to Boulder, Colorado. Her labors in checking references, preparing tables, and attending to numerous other chores were invaluable, especially when the courage to persevere wore thin.

In Paris the competent staff of the library of the *Fondation Nationale des Sciences Politiques*, in Boulder Mr. Sandoe, Mrs. Binkley, and Miss Jackson, respectively in charge of the Order

Department, the Social Sciences Division, and the Government Documents Division of the University Library, coped efficiently with the demands of an impatient author. Among the secretaries who typed and retyped the manuscript in its various stages the staff of the Institute of Industrial Relations at the University of California (Berkeley) performed particularly valuable services while I was a visiting professor in the Political Science Department.

In this age, when complicated collective research projects and a highly developed division of labor have become the characteristic modes of intellectual as well as industrial production, the individual who still prefers to set up shop by himself has to piece together financial assistance from many sources. That such assistance was given to me unstintingly from several sides is an encouraging sign that the position of the handicraftsman is not altogether forlorn. The University of Colorado has been most liberal in granting paid leaves of absence and sums for research and secretarial help, and altogether in providing the atmosphere in which research and teaching are equally recognized. During one of my leaves I attended a semester's Seminar on Modern France which was held under the chairmanship of the late Professor Edward Mead Earle at the Institute for Advanced Study in Princeton, and where in talks with my French and American colleagues I received the inspiration for many thoughts embodied in this study. Grants from the Social Science Research Council and the Rockefeller Foundation enabled me to spend the academic year 1952-53 in France. When I came back, my drawers full of documentation, but because of other academic obligations with little time to do the sifting and writing, I might never have been able to finish this book without the help offered by the Inter-University Study of Labor Problems in Economic Development, in part financed by the Ford Foundation. One of its directors, Professor Frederick H. Harbison, then at the University of Chicago and now at Princeton, judged that my findings could have relevance to the objectives of the larger project, and generously extended the assistance that was needed to bring my study to completion.

H.W.E.

Boulder, Colorado
New Year's Day, 1957

C O N T E N T S

FOREWORD, by Frederick H. Harbison	vii
PREFACE	ix
Part One: Organized Business from Popular Front to Liberation	1
I: FROM MATIGNON TO THE END OF THE THIRD REPUBLIC	
1. "Capitulation before the Enemy"	3
2. The Employers' Movement before 1936	15
3. Reorganization and Reorientation	32
4. The End of the Republic	53
II: ORGANIZED BUSINESS UNDER VICHY	
1. Businessmen and the Vichy Government	58
2. The Organization Committees	76
3. Employers and the Labor Charter	90
4. Employers and the Resistance Movement	94
Part Two: Structure and Activities of Present-Day Business Organizations	101
III: THE CNPF AND THE INDUSTRIAL TRADE ASSOCIATIONS	
1. Uneasy Beginnings	103
2. The New Federal Structure and Its Functioning	123
IV: OTHER INTER-PROFESSIONAL GROUPS	
1. The Council of Commerce and the Regional Federations	159
2. The Chambers of Commerce	166
3. The Confederation of Small and Medium-Sized Enterprises	172
4. The "Opinion" or Vanguard Groups	184
V: ORGANIZED BUSINESS AND POLITICS	
1. The Employers and Public Opinion	207
2. Elections, Parties, and the Legislative Process	218
3. Organized Business and the Administration	257
4. Summary	271
Part Three: Attitudes and Policies of Organized Business	277
VI: ECONOMIC ISSUES: I	
1. Statistics and Economic "Stock-Taking"	279
2. Economic Planning	284
3. Investment, Price, and Monetary Policies	294
4. Taxation	309
5. Summary: A Divided Economy	320

VII: ECONOMIC ISSUES: II

- | | |
|------------------------------------|-----|
| 1. Productivity | 325 |
| 2. Nationalizations | 344 |
| 3. Reform of Capitalist Enterprise | 354 |

VIII: ECONOMIC ISSUES: III

- | | |
|----------------------------|-----|
| 1. Competition and Cartels | 368 |
| 2. Foreign Trade | 392 |
| 3. European Integration | 401 |

IX: INDUSTRIAL RELATIONS

- | | |
|--|-----|
| 1. Attitudes towards Social Reforms and Trade Unions | 420 |
| 2. Wage Determination and Collective Bargaining | 434 |
| 3. Employers and the Plant Committees | 446 |
| 4. "Human Relations"—A Solution? | 460 |

Part Four: Conclusion	473
-----------------------	-----

X: ORGANIZED BUSINESS AND THE FUTURE OF FRENCH DEMOCRACY	475
--	-----

APPENDIX	495
----------	-----

GLOSSARY OF ABBREVIATIONS	501
---------------------------	-----

INDEX	503
-------	-----

PART ONE

Organized Business from Popular Front to Liberation

CHAPTER I

From Matignon to the End of the Third Republic

1. "*Capitulation before the Enemy*"

"Money can create everything, except men."

Detoef, *Propos de O. L. Barenton**

The official birth of a national employers' movement in France dates from the period that followed the country's victory in the First World War. Upon the urging of the government, the employers agreed in 1919 to join together in the *Confédération Générale de la Production Française* (CGPF). Actually the modern and tightly organized movement, of which the present-day *Conseil National du Patronat Français* is the heir, emerged out of the defeat which organized business suffered in the still unforgotten days of June 1936.

When Léon Blum took over the reins of government, as the premier of the Popular Front, more than a million French workers in all parts of the country were on strike, occupying the plants and flatly refusing evacuation. The sit-down strikes had developed while the caretaker government of Albert Sarraut was in office. To its halfhearted appeals for negotiations between management and labor, the employers had opposed a categorical no. Their confederation as well as the most influential trade associations took at first a rigorously legalistic attitude: as long as property rights were being invaded and a single factory remained occupied, all employers were urged to refuse discussion. At the beginning of June, however, reports began to reach the headquarters of the CGPF and its affiliates that employers in a number of plants, large and small, were granting substantial conces-

* The mottos to various sections of this book are all from the writings of Auguste Detoef, industrialist, graduate of the Polytechnique, and, until his death, active in the employers' movement. With one exception they are taken from a collection of aphorisms which M. Detoef published anonymously in 1938 under the title *Propos de O. L. Barenton, Confiseur, Ancien Elève de l'Ecole Polytechnique*. Posing as the "average" French employer (and a new La Rochefoucauld) the author, with a chuckle, held before his colleagues a mirror of their individual and collective behavior.

sions to the striking workers. The situation had become grave enough to make a sudden change in the attitude of organized business advisable.

One of the first pleas reaching the desk of the socialist premier came from M. Lambert-Ribot, executive secretary of the *Comité des Forges*, the National Association of Steel Industries—for half a century the whipping boy of M. Blum's party. Lambert-Ribot and Blum, both eminent lawyers, had been for long years colleagues as members of the Council of State before they had given up public office, one to enter left-wing politics, the other the service of a trade association. (Typically enough, when Léon Blum as a prisoner of Vichy related the events of 1936 before the Riom court, he still referred to the executive of the *Comité des Forges* as his one-time "*camarade*.")¹

Using his former connections with Blum, Lambert-Ribot urged the new premier to establish ("without losing a minute," as Blum would say later) contact between the representatives of capital and of labor. The *quid pro quo* Lambert-Ribot suggested was that the evacuation of the plants be obtained by the grant of fairly substantial wage increases. During the night preceding the official presentation of the cabinet to parliament, the premier received four leading personalities of the employers' movement for a preliminary conference. M. Lambert-Ribot was accompanied by René-P. Duchemin, president of the CGPF, by the president of the Chamber of Commerce of Paris, and by the president of the Association of Metal and Engineering Industries (UIMM), an organization which previously had been particularly adamant in refusing all negotiations with the strikers.

In the streets and factories the workers, materially assisted by the socialist and communist city administrations, joined with the population in celebrations of their anticipated victory. In the chambers of the new premier the business leaders protested against the illegality of the sit-down strikes and described the

¹ See *Léon Blum devant la Cour de Riom (Février-mars 1942)*, Paris 1945, pp. 95-99. The account of the Matignon agreement, as given here, is largely drawn from Léon Blum's lucid report; from René P. Duchemin, "L'accord Matignon, Ce que j'ai vu et entendu," *Revue de Paris*, XLIV, 1937, pp. 584-94; from Germain-Martin, "Le Patronat Français, sa situation, son évolution," *ibid.*, pp. 764-84 (implicitly critical of Duchemin); and from Jean Montreuil (Georges Lefranc), *Histoire du Mouvement Ouvrier en France des Origines à nos Jours*, Paris, 1947, pp. 481-86.

state of mind into which the events had thrown their constituents. They appealed to Blum as the wielder of official power, but also to the lawyer and bourgeois he was. The premier readily conceded that the occupations were indeed illegal according to the property conceptions of the *Code Napoléon*. He did not conceal his concern over the sweep of a spontaneous movement, which for the moment nobody seemed able to control. When he stated subsequently his unwillingness to have the factories evacuated by force, none of his interlocutors insisted that any measure be taken which might lead to bloodshed and wholesale destruction of property, perhaps civil war. A hastily convened meeting of the CGPF's Board of Directors authorized those that had served so far as self-appointed spokesmen to enter into negotiations with representatives of the *Confédération Générale du Travail* (CGT) speaking for organized labor. On June 7, in the Matignon Palace, residence of the French premier, the four representatives of management met twice that many union leaders in the presence of four socialist ministers and under-secretaries of the new cabinet. At the end of long hours of negotiations, described by M. Duchemin as "courteous, difficult, and painful," the so-called Matignon Agreement was concluded by the delegates "after," as the official text stated, "arbitration by the prime minister."

The new employers' movement to be re-formed soon after the events of June 1936 was in many ways designed and determined to "draw the lessons from Matignon." What were then the conditions under which the agreement was signed, what was the frame of mind of the men who spoke for organized business during the memorable night at Matignon? How well did they represent the rank and file of French employers?

Among the peasants of the French Midi the year of the storming of the Bastille was remembered for many a generation as *l'annado de la paou*, the year of the great panic. At least for a time, collective fear and insecurity infecting the countryside like a mental contagion triumphed over any joy in the newly won freedom. A similar panic beset the French employers when the victory of the Popular Front at the polls had been followed by the explosion of the sit-down strikes. More than a decade later one of the leaders of the business community would still

speaking about the period of "mental troubles" which the June days had ushered in for French employers.

Only a few hours before Duchemin and his colleagues met their interlocutors at Matignon, a conservative deputy had inveighed against the employers from the tribune of the Chamber of Deputies in the most acrimonious terms: "Violence and arbitrariness are not sufficient to justify the cowardice of certain employers who have capitulated under threat. . . . The responsibilities which the employers and their organizations bear for the present situation are heavy. . . . Either the workers' demands are justified, then why has one waited so long without giving them satisfaction? Or they are not and hence merely political. In that case how can one excuse the imbecile cowardice of employers who capitulate under threat?" Such words were applauded by the deputies of the right and of the center.² At a moment when striking workers were impinging upon the property rights of thousands of employers, the latter were taunted with expressions of contempt by that segment of parliamentarian and public opinion which usually had provided support for business.

The employers' representatives at Matignon felt shocked and ashamed when at the outset the labor leaders brought proof of the low hourly wage rates prevailing in many industries. In their independent accounts of the conference both the president of the CGPF and Léon Blum mentioned how deeply impressed the employers' delegation was by such facts, which now seemed to explain to them for the first time the gravity of the crisis. "How is this possible?" Duchemin asked one of his colleagues. "How could we stand for this? We have neglected our duty when things like this could happen."

Later the CGPF explained that its leadership was quite naturally ignorant of the situation since the peak association of the employers' movement had left the responsibility for wage-hour problems and industrial relations in general to its affiliates, the large federations of trade associations. But this meant that the representatives of business came to Matignon without any serious preparation or documentation, and with little more than hearsay information as to the extent and character of the strikes,

² See *Débats Parlementaires, Chambre des Députés, Session of June 6, 1936, Journal Officiel* (referred to hereafter as *J.O.*), p. 1319.

while the labor delegation backed its demands by carefully studied and documented facts. Those speaking for labor could point to numerous instances where employers had already granted wage increases which were sometimes substantially greater than the rates under discussion at the conference.

At the moment of Matignon the CGT had reached probably the high point of its unity and cohesion. The reformist and the communist wings of the trade union movement had merged only a few months earlier; new cleavages which appeared shortly thereafter were not yet manifest.⁸ Even in the eyes of management the monopoly of the CGT to represent all wage-earners was so complete that nobody thought of inviting to the Matignon conference more moderate trade union organizations, such as the Confederation of Christian Workers (CFTC). The fact that the government was represented at the negotiations solely by socialists entirely in sympathy with labor, if not themselves members of CGT unions, must have brought home to the employers' delegation even more painfully the defeat and humiliation which the recent events held for them. Although those who signed the Matignon agreement in the name of business had at all times held politically aloof, some of their close associates in the employers' movement had, during the right-wing uprisings of February 1934, taken openly a position against the now triumphant republic and had advocated drastic reforms replacing democratic institutions by an authoritarian state. (For details, see below, Chapter II.)

Before long those who had spoken for the trade associations at Matignon were under attack from their own ranks, because their privileged position in business and in the employers' movement made them presumably insensitive to the interest and feelings of the average employer. With the exception of M. Lambert-Ribot, the pressure group official, the members of the delegation headed large-scale enterprises and corporations located in Paris. All four were connected with industries, such as steel, metal, railroads, chemicals, and electricity, which belonged to the protected sector of the economy engaged in a multitude of public contracts

⁸ For trade union developments during this period see Val Lorwin, *The French Labor Movement*, Cambridge, Mass., 1955, pp. 67-84, and Henry W. Ehrmann, *French Labor from Popular Front to Liberation*, New York, 1947, pp. 3-35. An English translation of the Matignon agreement is to be found *ibid.*, pp. 284-85.

and sheltered to a considerable extent from the inclemencies of the economic depression.⁴

The enterprises for which M. Duchemin and his colleagues were responsible did not pay the "exceptionally low wages" which set in motion the general wage increase. Although their factories, like others, were occupied by striking workers, those negotiating the agreement were too far removed from the places of work to resent the occupation of the premises with the same sharpness as did most of the patrimonial employers.

A comparison of the Matignon agreement with earlier legislation suggests that, except for the institution of shop stewards, there was not much new in what the employers had conceded. If collective bargaining was to be initiated and the freedom of association to be guaranteed, a law concerning collective bargaining agreements had been on the statute book since the aftermath of the war; the freedom to organize in trade unions had been granted by the law on associations of 1884, which had also given the decisive impulse to the organization of business.

Yet the statistics of the Ministry of Labor on the number of collective agreements actually concluded indicate that, except for a short period after the war, the practice of bargaining never extended very far. As soon as the depression set in, collective bargaining lapsed almost completely. While some of the trade associations, primarily those in which large concerns were represented, favored "in principle" practices of collective bargaining, their advice was ignored by the entire business community.⁵ In answer to an official inquiry, the influential UIMM

⁴ M. Duchemin was president of the Etablissements Kuhlmann, the most important French chemical trust. It participated in a great number of chemical and related firms. He also was a regent of the Bank of France and director of other banking and industrial establishments. Before becoming president of the CGPF, M. Duchemin had headed the trade associations of the chemical industry. See his *Quelques Souvenirs du Syndicat général des Produits Chimiques et de l'Union des Industries Chimiques, 1910-29*, Paris, 1942. For the extended industrial and financial connections of all four members of the employers' delegation, see R. Mennevé, "Les Elections du Mai 1936 et le Ministère Léon Blum," *Les Documents Politiques*, 1936, pp. 403 ff.

⁵ For a succinct description of such developments, see Michel Collinet, *L'Ouvrier Français. Esprit du Syndicalisme*, Paris, 1951, pp. 62-63; Pierre Laroque, *Les rapports entre patrons et ouvriers*, Paris, 1938, pp. 319 ff.; and Edouard Dolléans, *Histoire du Travail*, Paris, 1943, pp. 257 ff. Both Dolléans and Laroque point to a certain divergency of managerial opinion in regard to collective bargaining. Favorably inclined toward the conclusion of collective agreements was, for instance, the

expressed in the early thirties the opinion that collective agreements had been a failure in almost every branch. Under then-prevailing conditions, with a divided and ineffective labor movement, the association considered the entire institution as worthless.⁶

At the annual meetings of the CGPF, its executive secretary spoke frequently of bargaining as a "danger." At the same time he criticized sharply most of the pending bills concerned with social legislation, such as proposals for minimum wage rates, paid vacations, and arbitration of labor conflicts. The opposition of organized business was one of the factors that led regularly to the defeat of such bills, sometimes in the Chamber of Deputies, always in the Senate. At the height of the depression the CGPF went on record deploring certain features of the social security system; unemployment assistance was blamed for abetting the lazy. In 1935 the employers' movement criticized the forty-eight-hour week: "While in an economic depression overtime is less frequent, it is all the more needed in special cases."⁷ During the years preceding the victory of the Popular Front, almost every issue of the labor and socialist dailies reported on the dismissal of trade union members from their jobs. The law of 1884 had become ineffective as a guarantor of the right to join a labor union. It was known that frequently an employers' association imposed a heavy fine on those of its members who had hired an active trade union organizer.⁸ For many years the CGPF and the principal trade associations ignored even the reformist wing of the labor movement to the extent of failing to acknowledge occasional letters which the CGT addressed to them.

For an employers' movement which held such views till the

one-time vice-president of the CGPF and president of the Coal Mining Association, Henri de Peyerimhoff. See his interesting article "Le Programme Patronal," *Revue des Vivants*, II, 1928, p. 819.

⁶ See Conseil National Economique, *Les Conventions Collectives de Travail*, Paris, 1934, p. 212. The quasi-official historian of the employers' movement, Etienne Villey (*L'Organisation Professionnelle des Employeurs dans l'Industrie Française*, Paris, 1923, pp. 333 ff.), concluded as early as 1923 that because of the workers' mentality collective bargaining was impractical.

⁷ See the annual reports, Confédération Générale de la Production Française, *Assemblée Générale*, esp. 1930, p. 8; 1931, p. 17; 1934, p. 16; 1935, pp. 16, 18; and also François Goguel, *La Politique des Partis sous la Troisième République*, Paris, 1946, pp. 90-91.

⁸ See Laroque, *op.cit.* (n. 1-5), p. 135.

eve of the mass strikes, the Matignon settlement amounted to nothing less than a capitulation before the enemy. Léon Jouhaux, the leader of the CGT, correctly called it the greatest victory in the history of French labor. Although soon afterwards organized business tried to shift to the government the responsibility for what had happened,⁹ it was still true that the employers' delegation had pledged to guarantee the freedom to organize and the right to bargain collectively. It had granted at least a *de facto* monopoly of labor representation to the CGT. It had admitted implicitly the concept of a minimum wage, and had opened the gates to further wage-hour legislation, which was to include vacations with pay and a forty-hour week. A decade later one of the younger leaders of management still spoke gravely about causes and consequences of the June events: "In 1936, capitalism signed a peace of compromise with labor. Actually it emerged defeated from fifty years of struggle because it had been unable to voluntarily seek an equilibrium between the social forces. Ever since then it has been out of breath."¹⁰

For the employers, their defeat in the premier's chamber climaxed the deep and lasting impression left by the sit-down strikes.¹¹ The entirely spontaneous origin of the strike, though grudgingly admitted by the trade associations, was obvious to all who had been in close contact with the events, hence to many employers. In their eyes the fact that their workers had joined the movement on their own initiative was actually a graver insult and a more serious threat to their authority than if the strikes had been the result of political maneuvers instigated by outsiders. It is true that a political movement, the Popular Front, had enhanced the self-confidence of the workers. But its program

⁹ See the collection of documents published by Mennevée, *op.cit.* (n. 1-4), pp. 383-401.

¹⁰ Delemer, president of the *Jeunes Patrons*, in a meeting held on June 23, 1945; quoted from J. Lasserre, "Où va le Patronat Français?" *Cahiers Notre Jeunesse*, July-August 1946, p. 44.

¹¹ The impact of the strike movement on the employers has been described by Collinet, *op.cit.* (n. 1-5); Montreuil, *op.cit.* (n. 1-1); and Simone Weil, *La Condition Ouvrière*, Paris, 1951, pp. 161-74 (this part of Mlle. Weil's work was first published as an eye-witness report in June 1936). The novel by Maurice Lime, *Les Belles Journées*, Paris, 1949, gives a particularly vivid and psychologically interesting account. Also valuable is the commentary coming from a writer in sympathy with the fascist leagues but full of admiration for the strikers of 1936, Jean-Pierre Maxence, *Histoire de Dix Ans, 1927-1937*, Paris, 1939, pp. 346-58.

had paid little attention to social reforms; its vaguely outlined strategy had not foreseen the use of the strike weapon, which seemed completely blunted during the depression.

To the extent that the strikes were politically motivated, they were directed in the first place against the individual employer and his political attitude rather than against the economic function of management as such. The Popular Front had mobilized the masses after the attempted fascist coup of February 1934; the demand for the dissolution of the patriotic leagues had probably had a stronger appeal than any other part of the program for republican action. The workers resented deeply the actual or surmised affiliation of many employers with the right-wing leagues, and the financial support given by certain business groups to these movements. Employers, who for whatsoever reason were unpopular, were easily branded as "fascist" even when their political sympathies were merely to the right of center. There was a general, and on the whole correct, feeling that management was not moved by any effective loyalty towards the republican regime and that a large part of the bourgeoisie was "by instinct" hostile to democracy.¹²

Once the victory at the polls had been theirs, the workers considered themselves the rightful executors of a "republican mission." Certainly, the explosion of the strikes and the accompanying aggressiveness on the part of the workers were in part caused by tensions that had built up during the years of depression and economic hardship. But the employers also considered the strikes as a political affront addressed to them, a settling of accounts which the workers did not feel quite safe to entrust either to "their" government or to the trade unions, before the strikes which were still weak in most privately owned firms.

In France, as elsewhere, ordinary strikes had become an accepted, though still resented, form of social anger; but the sit-down strike, then a completely novel form of labor conflict in France, added considerably to the humiliation of the employers. A factory emptied by a strike is still controlled by the boss; in a plant filled with strikers the employer has lost his place. His very position is disputed, which is more than the momentary divesting

¹² See Bernard Sérampuy (François Goguel), "Le comportement du Patronat Français," *Espoir*, vi, 1938, p. 660.

of profits. For the workers the strikes were a vehicle of long-missed self-expression. Their self-respect, which had been badly mauled during the preceding years, was won back over-night. In the occupied plants they found an exhilarating feeling of belonging to a new community.

The employers, often voluntarily sequestered in their offices, were isolated and lonely. Also for many of them the past years first of monetary instability and then of depression had left unpleasant memories. Absorbed by a constant fight for a share in an always limited and now still-narrowing market, beset by credit difficulties, cynical about domestic policies, disturbed about international developments, many employers knew nothing about the living conditions and the mentality of their own workers. To them the strikes came with the furor of an unexpected earthquake.

When the boss of a struck plant wanted to leave the premises, he had to wait in line with his employees in order to obtain a pass from the minutely organized strike committee. The workers, while seldom lacking the customary politeness, enjoyed thoroughly and visibly this symbolic collapse of the hierarchy in the shop. An engineer, vice-president of a Parisian employers' association, described his visits to the members of his organization "camping" as it were in their own plants: "In these factories where they knew every corner, . . . the psychological levers of command which normally existed between them and their workers were suddenly disengaged. Their men no longer thought of obeying them, nor did the employers think of giving orders. The employers, who spent night and day on their posts, which had been once those of authority, had the feeling of living in an unreal atmosphere; not in a nightmare, but in a dream or in a play by Pirandello."¹³ The workers never tried to take over the management of any firm, but protected and polished the machines, which they would show proudly to their visiting families. This seemed to prove that the strikers did not intend to attack the institution of private property and merely wished to obtain more human living conditions within the framework of the existing

¹³ Jean Coutrot, "Les leçons de Juin 1936," *L'Humanisme économique*, 1936, pp. 15ff. On the interesting personality of the writer see below, Chapter II.

society.¹⁴ With the exception of occasional carnival-like farces, when the workers burned top-hatted straw men representing the *Comité des Forges*, there was hardly a disorderly act observed in any of the thousands of occupied plants.

For many employers this atmosphere only added to their humiliation and was a disturbing portent of things to come. The first sit-down strike had occurred in a factory whose owner, harassed by economic difficulties, had almost voluntarily surrendered his property to the workers. If now, after the strikes had destroyed managerial authority, the burden of the new social legislation were seriously to aggravate the plight of industry, what would stand in the way of drastic socialization measures, which the CGT had demanded? The momentary self-restraint of the workers appeared to many employers to promise only a respite before another storm that would destroy altogether the rights and privileges of ownership.

During the Matignon negotiations the representatives of the CGPF never insisted on a forceful eviction of the strikers from the plants. But individual employers frequently appealed to the police stations and sometimes to the prefects for help against the strikers, only to be told that no instructions for any such action had been given. In general, it seems to have been true that the lasting psychological impact which the strikes left on management increased in inverse proportion to the size of the enterprise. For a moment panic and fear of the future struck the directors of large corporations and the patrimonial owners alike. But when it became evident that the triumph of the Popular Front was but ephemeral, big business had little difficulty in finding its bearings. Many an owner of a family business, however, never overcame the shock of having felt his personal status attacked by the June events.

During the strikes a young intellectual, who during the depression had spent some time in the factories and had been almost crushed by that experience, extolled the moral encouragement that would come to the workers from the sit-down strikes. Speaking about the employers she added: "I believe that it is also good

¹⁴ This was admitted later by Claude C. Gignoux, the new president of the CGPF, *La France en guerre*, Paris, 1940, p. 130.

for them, for the salvation of their soul, to have been compelled, once in their life, to submit to force and to experience humiliation. I am happy about it for them." The same writer, reflecting a few years later on the reasons for her country's defeat, admitted the disastrous effect of the events which she had greeted earlier with so much naïve joy: "For the youth of the bourgeoisie the shock of 1936 penetrated to irreparable depths. Nobody had done them harm. But they had been afraid, they had been humiliated by those they regarded as their inferiors, in their eyes an unpardonable crime."¹⁵

The feeling of isolation for the employers was increased by public reaction to the Matignon agreement. Before 1936 they had counted on the general approval of a bourgeoisie which wished to be master in its own house and was more interested in conserving than in building for the future. When Matignon was greeted by a fairly general applause as the beginning of a "new era in industrial relations," a shift in public sentiment seemed to have taken place. As again in 1944, the business community faced at best general indifference if not opprobrium for having caused a grave social crisis.

Simultaneously, the employers felt often betrayed by their own associations. Many employers, though belonging to a variety of local, regional, or national trade associations, were ignorant of the fact that statutorily the CGPF was empowered to act for the vast majority of French business enterprise as it had done at Matignon. In the multiple negotiations which were to start immediately in order to implement the agreement on collective bargaining, many of the same handicaps under which Duchemin and his colleagues had labored hampered those who represented management. The cruelest description of the employers' situation was sketched by the president of a smaller trade association. He pictured the employers' delegations as having almost no documentation at their disposal, as being often unaware of what the new agreements would mean for their membership. "They lack organization and orderly representation; they speak topsy-turvy and contradict each other because of opposite personal interests. Old of age, they face young and energetic opponents."¹⁶

¹⁵ See Weil, *op.cit.* (n. 1-11), p. 158, and *L'Enracinement*, Paris, 1949, p. 113.

¹⁶ Colonel P. Brenot, *Deux Ans d'Activité du Comité de Prévoyance et d'Action Sociale*, Paris, n.d., pp. 27 ff.

Under the impact of extraordinary events the employers' organization had shown its defects, the deceptively impressive façade of the CGPF had crumbled. It became obvious that, in spite of a multitude of organizations, entire sections of business were actually lacking any unity of action. One of the best organized of the industrial federations, that of the textile industry, left the peak association immediately after Matignon in wrath over the agreements. Centrifugal tendencies of other powerful trade associations away from the CGPF seemed difficult to halt. If a unified representation of management were to disintegrate at the very time organized labor was reaching unprecedented membership and unity, the grave defeat already suffered might well turn into catastrophe. Since, moreover, the newly enacted social and economic legislation called in many instances for the government to consult the qualified representatives of capital and labor, there was no time to lose.

Faced by such a crisis, organized business engaged in a thorough overhauling of its structure, its personnel, and its ideologies.

2. *The Employers' Movement before 1936*

Before the business organizations were put to the trying tests which the crisis of 1936 imposed, their structural defects and their brittleness went largely unnoticed. The critics of the movement seemed to agree with its architects that the CGPF had long reached the point where it could legitimately speak for the entire business community. As early as 1929, M. Duchemin had boasted that "the 'bloc' of the French employers' movement is from now on an accomplished fact, a living and actual reality. . . ." And in the opinion of a usually clear-sighted writer, in sympathy with the democratic labor movement, "the individualism [of the employers] gave way to powerful employers' associations soon after the first World War."¹⁷

Only a few months before Matignon the general secretary of the CGPF had pointed to the fact that the number of primary

¹⁷ See Duchemin, *Organisation syndicale patronale en France*, Paris, 1940, pp. 11-12, but also Pierre Frédéricx, *Etat des Forces en France*, Paris, 1935, pp. 88-89, and Collinet, *op.cit.* (n. 1-5), p. 142. More realistic appraisals of the true strength of the CGPF were not entirely lacking. See, for example, Pierre Laroque, "Les Syndicats Patronaux," *Homme Nouveau*, 1, December 1934, no pagination; a short commentary, but among the most thoughtful on the employers' movement.

trade associations in the country had increased from 1,500 in 1919 to more than 4,000. He confidently described the Confederation as "coordinating and multiplying" the efforts of its affiliates, the employers as being animated by a "boundless energy." It is true that, in concluding, the speaker implicitly admitted continuing deficiencies when he pleaded for increased activities of the primary organizations, "the living cells of the total organism." Upon their regular and more and more active functioning, upon their faithfulness to the notion of employers' "discipline . . . depends the circulation of just ideas, the efficiency of common action. More indispensable than anything else is their spirit of solidarity. . . ."¹⁸

Now it is undoubtedly true that, in spite of its subsequently revealed weaknesses, the founding of the CGPF in 1919 was a significant, if only partially successful, effort at bringing order into the chaos which was characteristic of the employers' movement before the First World War. The new confederation gave promise of drawing together organizations which for almost a century had grown profusely and confusedly.¹⁹

In France as elsewhere employers' associations had been the result of a variety of defense reactions. This, however, is not to say that French business organized at first merely as a counterweight to the trade-union movement. The first trade associations were formed early in the 19th century during the Napoleonic regime at a period when the individualistic Le Chapelier law was still enforced with full vigor against all attempts at organizing labor.²⁰ The desire to protect industry and trade, here

¹⁸ See the report on the activities of the CGPF in 1935, *op.cit.* (n. 1-7).

¹⁹ For good accounts of the early history of the employers' movement, see Villey, *op.cit.* (n. 1-6), pp. 1-21, and *passim*; "Employers' Organizations in France," *International Labour Review*, xvi, 1927, pp. 50-55; and International Labour Office, *Freedom of Association* (Studies and Reports, Series A, Industrial Relations, No. 29), Vol. II, pp. 86 ff. Particularly vivid and interesting is Pierre Bézard-Falgas, *Les syndicats patronaux de l'industrie métallurgique en France*, Paris, 1922. The introductory parts of the study, pp. 1-132, deal with the employers' movement in general.

²⁰ For a critical discussion of the differences in growth and legislative tolerance of the organizations of management and labor, see Montreuil, *op.cit.* (n. 1-1), pp. 426-27, and Joseph Paul-Boncour, *Le Fédéralisme Economique*, Paris, 1900, pp. 64-69. It appears as if the Le Chapelier law, often discussed as the legislative incorporation of unmitigated individualism, was more than anything else an enactment born out of the desire to remedy a specific situation. See Maurice Bouvier-Ajam, "Le Corporatisme en France," *Archives de Philosophie du droit et de sociolo-*

against legislation or administrative measures, there against foreign or domestic competition, had provided the incentive to seek defense in organization long before the emergence of the labor movement.

Since protection was sought against a variety of obstacles and opponents, business organizations were marked from the very beginning by altogether empirical forms and policies. Such traits were reinforced by the influence of a continuing restrictive legislation which permitted associations to grow in spite of the law, rather than under its systematizing encouragement. Only when the legislative acts of 1884, 1901, and 1920 gradually removed earlier hindrances, were more systematic efforts made to cover all fields of industry and commerce with employers' organizations. The parliamentary debates preceding the liberalization of the association laws revealed a desire to extend the benefits of organization to the small enterprises, since it was assumed that large concerns would find the proper way of self-defense even without formal organization.²¹ For that reason, trade associations were established where the prerequisites of extensive organization were hardly existent, and paper organizations abounded at many levels. Frequently their activities were restricted to an annual banquet, giving to a representative of the government an occasion to pin a medal on the chest of a meritorious board member.

Before the CGPF saw the light of day, four other attempts had been made to draw business and employers' associations together in a single national organization. The earliest of those attempts dated back to 1859 when the "National Union of Commerce and Industry" was established in spite of legislation declaring all associations of capital or labor criminal. But in fact neither the union nor its successors were more than façades, and not even impressive ones at that.

gie juridique, VIII, 1938, pp. 162-63. An interesting account of the legislative history of the law and the text of its main provisions is to be found in Joseph H. Kaiser, *Die Repräsentation organisierter Interessen*, Berlin, 1956, pp. 32-33.

²¹ For a discussion of the reform legislation of 1884 and the debates revealing the intentions of a number of deputies, see Bézard-Falgas, *op.cit.* (n. 1-19), pp. 7-78. Only the law of 1920 conveyed to the trade associations full legal personality, which facilitated by the same token the activities of cartels and similar organizations.

Nevertheless, all of those earlier experiments left their mark on the more elaborate structures that emerged later. From the outset, French business organizations were designed to represent their constituents in their twofold capacity of businessmen and employers. At the national as well as at the lower levels, and at variance from arrangements in most other countries, the functions of trade associations and of employers' associations were merged. It was hoped that, when defended simultaneously, economic and social interests would reinforce each other and provide more density and depth to the defense than specialized organizations could afford. This was deemed particularly important because of the known fragility of most of the existing organizations.

Before the First World War, associations or federations which proved particularly ineffective were those that tried to organize the masses of small and medium-sized enterprises. The few well-established trade associations, recruiting their membership principally among large concerns, considered it unnecessary, perhaps even detrimental, to coordinate their activities with those of organizations aiming at a broad representation of all industrial and commercial enterprises. Whatever coordination of employers' organizations existed before 1919 was provided almost exclusively by the personal efforts of a small group of industrialists and trade association officials, prominent among them those connected with either the *Comité des Forges* or the closely affiliated UIMM. These organizations had recognized early the advantages to be derived from a highly qualified professional staff. In the person of M. Pinot the steel interests had found a systematic organizer. Neither an industrialist nor an engineer but the respected laureate of the *Ecole Normale*, preparing in general for a teaching career, M. Pinot was the prototype of a modern pressure group official as he would become common in the French employers' movement only decades later.

Through the UIMM the Steel Association was able to attach to its wagon a broad agglomeration of other interests, notably mining and a variety of metal-processing and engineering industries. In a self-portrayal drawn in 1951 the UIMM could boast quite correctly that, prior to the First World War, it had played to a considerable extent the role of a general employers' confed-

eration.²² During that period it explicitly opposed the idea of an all-embracing employers' organization. The pretext for its hostility was that, once such a general federation was established, the employers would no longer be able to denounce the CGT as being interprofessional and hence "illegal." The true reason was admitted later by M. Pinot: what had been repulsive to him was the thought that industries, such as mining, the metal trades, and engineering, would have to bow to the combined wishes of stone quarry owners, the leather industry, precision instrument makers, innkeepers, and brewers.²³

The experiences of the First World War prompted both the leaders of the employers' movement and the government officials concerned with industrial and economic problems to seek a higher degree of integration for the trade associations. During the hostilities the government had, through its control of the markets, insisted that organized business perfect its organization. Like the system created in Germany by the industrialist Walther Rathenau, the French consortiums provided the link between the individual concerns in the major branches of industry; these consortiums, which wielded considerable power, were often identical with existing or rapidly emerging trade associations.²⁴

At the end of the war the arduous but promising task of reconstruction raised the perspective of rapid industrial development. At such a moment it seemed inadvisable to let the employers relapse into their individualistic reluctance to organize. In an official document the Ministry of Commerce described the task it wished to see assigned to organized business as "carrying out general programs which would permit the development of national wealth through the intensification of production, the increase of our trade, and the progress of our economic expansion and of our influence abroad."²⁵

²² See Union des Industries Métallurgiques et Minières, de la Construction Mécanique, Electrique et Métallique, *Brochure publiée à l'Occasion du Cinquenaire de l'UIMM*, Paris, 1951, pp. 19-20.

²³ See André François-Poncet, *La Vie et l'Oeuvre de Robert Pinot*, Paris, 1927, pp. 259-60.

²⁴ On the consortiums see ILO, *op.cit.* (n. 1-19), pp. 104-05, and, with many interesting details, especially on the close connection between the employers' organizations and the consortiums, Robert Pinot, *Le Comité des Forges de France au service de la Nation*, Paris, 1919, passim.

²⁵ Quoted from M. Brelet, *La Crise de la Métallurgie. La Politique Economique et Sociale du Comité des Forges*, Paris, 1923, p. 175.

It is frequently said, and by employers with shamefaced apologies, that the CGPF was brought to life by the initiative of a member of the government, the minister of commerce, M. Clémentel. This, however, could hardly be regarded by the business community as "outside interference." Before and after his ministerial career Senator Clémentel was not only the chairman of the powerful Committee of Commerce of the upper house, but also the president of an influential interest group in the field of foreign trade; he came fairly close to the prototype of the politician who first as a deputy and then as a senator represented all but openly the interests of organized business in parliament.²⁶

From beyond the border the example of existing employers' peak associations in other European countries such as Germany, Great Britain, Switzerland, and Belgium indicated the course of desirable action. In the United States too, war-time experiences made the government seek, through the United States Chamber of Commerce and the National Association of Manufacturers a more active collaboration of organized business. The temporarily increased strength of the French labor movement bolstered the CGT's claim to provide unified representation of the wage earners on a variety of advisory bodies, both national and international. This made it all the more imperative to create a similarly unified employers' movement.

But however necessary it was to create an organization able to speak and act for the entire business community, this alone would have been insufficient. The employers' movement could fulfill the functions assigned to it only if the trade associations to be affiliated with the new confederation were strengthened and made more representative. Strenuous efforts were thus undertaken to rearrange them in more logical fashion.

If illusions about the actual strength of the post-war employers' movement were to arise later, this was principally due to the elaborate organizational framework of the new confederation, the CGPF. Its very comprehensiveness gave promise of permanence; the high degree of an internal division of labor for which its structure seemed to be designed gave every indication

²⁶ For some of the attitudes and activities of M. Clémentel as senator, see Villey, *op.cit.* (n. 1-6), pp. 144, 169, and his interesting book on what is now known as the alcohol lobby: Etienne Clémentel, *Un Drame Economique*, Paris, 1914.

that there existed a great frequency of interaction within organized business as a whole. Hence the prerequisites for a truly representative and effective organization appeared to have been created.²⁷

The trade associations affiliated with the CGPF were organized into large groups, of which there were twenty-one in 1919 and twenty-seven at the time of Matignon. With one exception, all of these groups were arranged so as to represent the major branches of economic activities.²⁸ While a large amount of autonomy was left to the groups, the by-laws of the CGPF prescribed that each of them was to hold every year a convention and should designate from its midst the delegates to the General Assembly of the Confederation. The annual gatherings of the CGPF became rapidly a forum for the dissemination of information among the affiliates and provided the setting for the widely heralded addresses by the organization's president.

Each group elected its own board of directors; its president served *ex officio* on the General Council of the Confederation. The General Council in turn elected annually, and after the General Assembly of the CGPF, the Executive Committee of the Confederation, consisting of a president and eight additional officers. At first it had been suggested that, in order to emphasize to the utmost the loose confederate structure of the organization, the presidency should rotate among the presidents of the groups. But this would have had the inconvenience of entrusting the presidency at least occasionally to the representatives of those economic interests which the best-organized affiliates considered as secondary. As it turned out, only two men presided over the destinies of the CGPF between 1919 and 1936, both the spokesmen of powerful groups, Messrs. Darcy and Duchemin. The

²⁷ For these criteria see David B. Truman, *The Governmental Process*, New York, 1951, pp. 112-13. Throughout this study I have drawn heavily on Professor Truman's enlightening work for concepts and criteria.

²⁸ By 1929 the following groups were established: food and drink processing, commerce in food and drink; public works and building trades; quarries, ceramics, glass, lime, and cement; hides and leather; textiles; clothing industries; chemical industries; mining, iron and steel works; metallurgical products; maritime and river transport; aeronautics; cycles and automobiles; precision instruments; book trades; art and luxury trades; finance; travelling and tourist industries; railway transport; insurance; foreign trade; wood (industry and commerce); internal navigation; colonial enterprises; and (the only group not organized along lines of trade) the federation of regional associations.

former, who represented in the councils of the CGPF the mining interests, was also a board member of large banks and had been before and during the war a leading figure in the UIMM. The business connections of his successor have already been described.

From the outside the edifice of the CGPF seemed to be imposing enough to justify its loudly voiced claim of representing French business interests as a whole.²⁹ Its powers appeared sufficient to "coordinate," as its by-laws promised, "the efforts of all employers' and trade associations." At the national level, the new confederation was able to eliminate or discipline other employers' organizations, some of them survivors from an earlier period. When they were not completely ignored, they were invited to sign declarations of common policy with the CGPF. With other, more significant economic pressure groups, such as the National Association of Economic Expansion, the Union of Economic Interests, or the Committee of Economic and Tariff Action, the CGPF entered into a close working contact, often facilitated by common directing boards.³⁰ On the lower echelons of the organization the CGPF and its affiliates sought to discourage businessmen from joining associations which refused membership in the official employers' movement.

During the twenties and early thirties delusions of strength were further encouraged by the fact that the labor movement had lost its unity of pre-war days, divided as it was between a reformist and a communist wing. While the government had difficulties deciding which labor organization deserved to be considered as "most representative," the CGPF and its affiliates were designated as the proper representatives of business whenever the government sought authoritative advice. The same exalted place was given to the CGPF among the delegates to the International Labour Office or to the numerous international conferences of the post-war period.

²⁹ See for instance a remark made in a speech by the first president of the CGPF, M. Darcy: "We are the national production, we are the workers who manufacture and sell; in other words, we are the nation with the exception of a small minority of laggards who do not count." Quoted in Georges Wallon, *Les Associations Régionales Interprofessionnelles*, Paris, 1924, p. 19.

³⁰ See, for a manifesto signed by an interesting assortment of such organizations, Duchemin, *op.cit.* (n. 1-17), pp. 313-28.

Whether directly consulted or not, the CGPF made its voice heard in regard to all major legislative projects affecting economic or social life. Tax and tariff questions came under the purview of special committees established by the Confederation. When monetary and economic troubles befell the country in 1925, the organization publicized its suggestions for an early salvation, criticizing the measures suggested by the *Cartel des Gauches*, and supporting the course steered by Poincaré. Speaking on these and similar occasions seemingly with "one voice," the CGPF gave continuously the impression of an all but monolithic organization.

In reality the employers' movement, as it existed before 1936, never convinced the masses of French businessmen that there were advantages in organization. The same problems, it is true, have beset employers' organizations in other countries. Not only in France have manufacturers considered the activities of trade associations as a possible infringement on cherished independence; almost everywhere it has proven difficult to enlist the support of retailers for any kind of sustained common action.

But in France the bourgeois mentality which had developed most strongly during the *belle époque* of the nineteenth century had survived well-nigh unchanged. The mores of the business community were not altered by the elaborate structure of an employers' confederation and its sub-divisions.³¹ Even the better-organized trade associations and their national federations were often, in their consultations with the public authorities, unable to provide the most elementary data.³² The files of most organizations were completely empty of statistics. Distrust of the competitor resulted in extreme reluctance to communicate to the trade associations any information concerning output, production methods, or other business details.

Everywhere conflicts of interest can be expected to be most pronounced in organizations, such as the normal trade associations, which seek to unite competitors belonging to the same branch of industrial or commercial activity; a reluctance to

³¹ An excellent description of the handicaps which the bourgeois mentality put in the way of the growth of French business organizations is given by C. J. Gignoux, *L'Industrie Française*, Paris, 1952, pp. 106-07, 117-19. For general difficulties see also "Employers' Organizations in France," *op.cit.* (n. 1-19), p. 53.

³² For a telling example see Duchemin, *op.cit.* (n. 1-4), pp. 142-43.

organize will often result from such conflicts. But a higher degree of cohesion will normally obtain in organizations which bring together all employers of a given locality or region, since here more unified interests may emerge and be mobilized in opposition to labor or other competing groups. The French trade union movement has traditionally emphasized organization around the local labor federations, known as *Bourses du Travail*, and their associations at the level of the department (the unit of governmental administration) or of larger regions. On the employers' side, however, the departmental or regional association played a less than secondary role, although the CGPF had added in 1923 to the existing groups, organized along trade lines, the regional associations as a distinct group. The fact that at all times a rather mediocre personnel was in charge of their activities was another indication that regional associations were tolerated as an anomaly rather than accepted as forming the backbone of a solid employers' movement.³³

For all these reasons impressive membership figures published from time to time by the CGPF or its affiliates, and conveying the impression that the majority of French business enterprises belonged to its units, were in no way significant or indicative of actual strength or cohesion. More realistic estimates admitted that altogether not more than 15 to 20 percent of the French employers could be counted as "dues-paying" members of their respective organizations. In terms of employed labor force and of capital investment, the majority of industrial interests might have been represented in the councils of the CGPF, since the large firms were organized to a far higher degree than the medium-sized or small concerns.³⁴ Yet, as a yardstick of effectiveness such data were fairly meaningless. They rather served to strengthen illusions from which the defeat suffered in June 1936 provided a rude awakening.

Nevertheless, it would not be correct to conclude that between 1919 and 1936 the CGPF was an artificially created myth

³³ About the activities of such geographical units as the Chambers of Commerce, see below, Chapter IV.

³⁴ Some interesting critical figures are provided by Jean Bareth, *Le Syndicalisme Patronal*, Paris, 1943, as quoted by Montreuil, *op.cit.* (n. 1-1), p. 430; more complete, but taking the officially communicated data at their face value, Maurice Bouvier-Ajam, *La Doctrine Corporative*, Paris, 1943, pp. 183 ff., 217-21.

parading a non-existing movement before public opinion and in consultations with the authorities. The employers' movement did in fact exist, but only as an expression of the policies followed by those trade associations or their national federations which either had already been strong before the war or had grown to importance during the hostilities.

It is generally true that, when constituent units exist prior to the creation of a federal body, the interests which the former represent are not easily or speedily absorbed by the latter. The federation can take over only those functions which its affiliates can be induced to abandon.³⁵ In the case of the CGPF hardly any such relinquishment took place. This meant that, the by-laws of the new confederation and some of its formal organizational arrangements notwithstanding, the employers' movement was effectively governed and directed by the representatives of certain important industries, as before 1919. The steel industry through the *Comité des Forges*, the mining concerns represented by the almost equally powerful *Comité des Houillères*, railroad-ing, the chemical and the electrical industries, and the insurance companies furnished the informal directorate of the post-war employers' movement. The spokesmen for these interests met frequently and reached their decisions mostly without voting and without any serious dissent. The corporations over which they presided were characterized by a great number of interlocking directorates, so that in many cases transactions of CGPF business became indistinguishable from the regular board meetings of the major industrial concerns. Except for the insurance companies, only industry was represented in this "inner circle," with commerce and, in fact if not in form, even banking conspicuously absent.³⁶ The same industries undertook to finance the entire employers' movement; but where their interests were not directly involved they were far from lavish with their subsidies. Since in general even those large corporations whose plants were located

³⁵ See Truman, *op.cit.* (n. 1-27), p. 120.

³⁶ Banking was represented by M. François Lehideux, cabinet minister under Vichy, who was considered by the major banking interests as an outsider. That the business of the Confederation was transacted outside official channels by a small group of influential leaders of industry was told to me not by hostile outsiders, but by the very men who had belonged to the inner circle; they spoke about their earlier activities with much nostalgia.

in the provinces were managed from Paris, decision making in the employers' movement originated almost entirely in the capital.

Especially in view of the general apathy of the employers toward their organizations, this directorate and the staff attached to it formed a self-perpetuating active minority which found it easy to concentrate in their hands whatever authority there was. As before the war, much of the staff work was carried out by the UIMM, which formally "lent" to the CGPF its large industrial relations staff. During the war and its aftermath, the unity of the UIMM had been threatened when the engineering industries had become restive under what they considered the tyranny of the *Comité des Forges*. The conflict had however been resolved shortly with the steel interests triumphant,³⁷ and thereafter the UIMM continued to assume many of the functions of a general employers' movement. Occasionally such a situation attracted the wrath of the outsider. As early as 1922 an abbot, active in the Catholic social movement, spoke of the CGPF contemptuously as merely legalizing by its monthly board meetings the policies and decisions of the *Comité des Forges*. Implied was the criticism that the *Comité* and the UIMM did not act as a truly federal organization of business, but imposed on the totality of the employers the sole viewpoint of the steel industry.³⁸

From yet another side the identification of the general employers' movement with a relatively narrow sector of highly organized business interests appeared to be complete. The significance and the historical development of the French cartels, the *comptoirs* and *ententes*, will be dealt with in greater detail below (see Chapter VIII). Here it is sufficient to state that, in spite of their juridical status and formal independence, cartels and trade associations were closely affiliated. In the words of its official historian, the employers' movement provided the back-

³⁷ For a succinct history of the *Comité des Forges* during that period, see *Le Monde des Affaires en France de 1830 à nos Jours*, Paris, 1952. On the interesting conflict between the steel and the metal trade industries, see Brelet, *op.cit.* (n. 1-25), pp. 98 ff., and Henry Coville, *Le Syndicat des Industries Mécaniques. Cent ans d'action syndicale, 1840-1940*, Paris, n.d., pp. 11-15.

³⁸ See Brelet, *op.cit.* (n. 1-25), p. 173. The criticism of the *Comité des Forges* was widespread: the socialist deputy Barthe had specialized in substantiated attacks directed from the tribune of parliament against the *Comité*; see J.O. *Débats, Chambre des Députés*, January 25, 1919, pp. 204-14. The columns of the right-wing *Action Française* were not less hostile to the organized steel interests.

bone of the *comptoirs* during the twenties.³⁹ This is tantamount to admitting that very often the employers' associations were little more than a fairly transparent screen for the cartels.

Between the wars French industry and commerce developed in a twofold direction: a considerable concentration into larger concerns, employing an increasing share of the working force, was accompanied, at least after 1931, by a simultaneous increase in the number of small-scale enterprises.⁴⁰ The large enterprises, especially those living to a considerable extent on government orders (usually referred to as the *secteur abrité*), were generally inclined to submit to the disciplines of cartel agreements. But to invite the "dust" of small shop- and storekeepers to participate in the cartels and *comptoirs* was generally considered inadvisable. Under such conditions those activities of organized business that called for planning, energy, and discipline took place in the *comptoirs* and cartels, while the employers' associations as such, in spite of their outwardly complete structure, led in many cases a shadowy existence. This, however, meant that the CGPF and its affiliates no longer functioned, as had been planned, as organizations of employers, but at best as coordinating centers for certain industrial producers.⁴¹ If a minority had learned to show discipline in economic matters, all questions of social policy and industrial relations were viewed with time-honored lackadaisical individualism.

Under such conditions the CGPF and its affiliates could not evoke from French employers feelings of loyalty or solidarity. The great majority felt, on the whole correctly, that their own organizations kept them out of the center of association activities. Since the leadership of the employers' movement was identified with big business, the distrust with which most employers regarded their organizations was reinforced by a sometimes anachronistic hostility toward bigness.

³⁹ Villey, *op.cit.* (n. 1-6), pp. 162-66. An excellent description of the interlocking connections between cartels and employers' organizations is to be found in Firmin Bassonier, "Les Accords Matignon," in Institut d'Etudes Corporatives et Sociales, *Les étapes de la législation corporative en France*, Paris, 1944, pp. 7 ff.

⁴⁰ For figures, suffering from even greater uncertainties than other French statistics, see "De la France d'avant-guerre à la France d'aujourd'hui," *Revue d'Economie Politique*, LIII, January-February 1939 (cited hereafter as *France d'avant-guerre*), pp. 168-72; 221-24.

⁴¹ Very illuminating in regard to this point is Laroque, *op.cit.* (n. 1-5), pp. 32-35.

The "trusts," the "two hundred families" controlling them, and a dozen "*grand commis*" running the CGPF in their name were, in the eyes of many owners of small industrial or commercial firms, just as evil as the propaganda of the Popular Front pictured them. However, such partial identity of views did not induce the small businessmen to espouse the cause of a political movement that had the backing of the labor unions.

M. Gignoux, who was to assume the presidency of the CGPF after Matignon, sought to exculpate his predecessors by pointing out that it was not their fault if the leadership of the employers' movement had fallen to the sole representatives of big business: "It is not true that organically [*sic!*] the Confederation has been manipulated by a minority which ruled autocratically over the destinies of the entire French economy. The truth is that, with the exception of a few carefully organized national federations, the entire French economy was disinterested in its own defense. Every Frenchman is individualistic and the French employer as much if not more so than anybody. While the trade associations were numerous, their activity was small, their means of action insignificant, their documentation scarce."⁴²

Given such a situation it might be doubted whether the economic philosophy developed by the leadership of the organization was not merely expressing the ideology of that very leadership. The point has sometimes been made that the ideas formulated by M. Duchemin and some of his close associates were more coherent than any creed which the French employers' movement has ever been able to agree on before or since. The fact remains that there is little proof of an actual consensus about the beliefs expounded by the confederation's president in his annual addresses, always applauded and never discussed.⁴³

What the CGPF called its formal commitment to the "defense of a sane doctrine of liberty" was a professed economic liberalism, strongly conditioned by a belief in the beneficial effects of

⁴² Claude-J. Gignoux, *Patrons soyez des Patrons*, Paris, 1937, p. 8. More severe for the pre-Matignon CGPF was a Catholic writer, Gaston Lecordier, "Le mouvement patronal," *Chronique Sociale Française*, LVIII, January-February 1949, pp. 67-84.

⁴³ The following account is largely based on the writings and the yearly speeches of the CGPF president contained in Duchemin, *op.cit.* (n. 1-17), and on an article by de Peyerimhoff, "Les formules modernes d'organisation économique," *Revue des Deux Mondes*, IC, March 15, 1929, pp. 439-50.

industrial cartelization. Much of Duchemin's thinking was concerned with the relationship between government and economic life. The state should be run in an orderly manner, yet as cheaply as possible, so that more savings could be accumulated and more investments remained available to business. Calls for the greatest possible "discipline" were not issued to the government alone: consumers and producers alike should forswear the old Gallic tradition of insubordination and licentiousness.

To the degree the employers were able to give a shining example of such discipline, they could regain their position as an elite in society. The call for the emergence of elites was a favorite theme of the presidential addresses. M. Duchemin recognized that, in a system of universal suffrage, the employers would never succeed in bringing about by themselves what he considered the needed regeneration of the country. Yet, typical of the chemical engineer he was by training, he assigned to the employers the role of a central crystal around which all valid forces of contemporary French society would group themselves sooner or later in perfect symmetry. At this point, as elsewhere, the CGPF undertook to prove, as all successful pressure groups must do, the complete identity between the defense of its own special goals and that of the general welfare. "We no longer ought to limit our efforts to the immediate defense and protection of our industries," the first president of the CGPF had declared. "We have the duty to lead the country back to a sane realism and to awaken public opinion. To the extent that public opinion becomes vocal and active it will be able to give the government the strength it needs to perform its mission."⁴⁴

The approach of the economic crisis, first abroad and later in France, offered an opportunity to clarify further the thinking of the organization. According to the CGPF's leadership the depression did not prove the failure of economic liberalism; such factors as credit inflation, heavy private and public expenditures, moral depravity, and lack of human intelligence had permitted the tampering with the ever valid laws of classical economics. If only those laws were left unmolested, nothing would stand in the way of an automatic absorption of the crisis and of its secondary symptoms. It was considered to be business's foremost

⁴⁴ See Fr  d  rix, *op.cit.* (n. 1-17), p. 113.

task to combat what M. Duchemin would call a "collective neurasthenia" of fear. Government was summoned to interfere with economic activities even less than during prosperous times.

It is true that on the issue of tariff protection and export-import quotas the principles advanced by the CGPF lost much of their coherence. Divergencies arose between some of the influential affiliates of the organization and had to be openly acknowledged by M. Duchemin. During preceding years, the employers expected the government to protect the already high-priced French products by frequently renegotiated tariff agreements which often included the most-favored-nation clause. After 1931 the CGPF demanded, over the protest of certain export industries, that the emergency clause of the previous agreements be used for the establishment of quotas and for the abandonment of the most-favored-nation clause. Such measures were described as only provisional and truly preparing for a new "larger system of free trade."

Where foreign countries had sought a way out of the depression by an increased amount of government intervention, they were sharply criticized, the New Deal not less than Dr. Schacht or the Italian and Portuguese corporations. When also in France corporative remedies for the crisis were recommended, the CGPF and among others the Steel Association protested loudly in the name of liberalism. Corporativism was described as tantamount to a return to the medieval guild system and its tyrannies.⁴⁵

Yet while "guild practices" were rejected, freely entered cartel agreements were given unstinted praise at all times. Already in 1927 M. Duchemin had invited his colleagues in somewhat vague terms to "reach an understanding so as to avoid unnecessary and hazardous competition and to distribute among them . . . the different elements of production." A year later he exhorted the "producers of the same branches" to organize "in common" the activities of their factories. At the height of the depression he expressed the belief that the cartels were eminently useful and that, wherever they could be formed, they were apt to let "order

⁴⁵ Note the exceptionally vehement tone in which M. Duchemin used to denounce corporatism in one of his early addresses, generally most moderate in tone. *Op.cit.* (n. 1-17), pp. 200-02. In a similar vein Marcel Tardy and E. Bonnefous, in *Le Corporatisme*, Paris, 1935, published as a supplement to the *Bulletin Quotidien*, sponsored by the *Comité des Forges*.

and discipline rule, where anarchy and confusion had reigned before." Here again the government was asked not to interfere. Except for willful abuses, which could be checked by the provisions of the criminal code, there should be no regulation of the self-chosen activities of the cartels. Cartels extending beyond the national borders and comprising the major European powers were recommended as a remedy for the disruption of trade and as the trail blazers for a full-fledged European customs union, administered by business.

In his yearly addresses M. Duchemin never tired of highlighting, in the tone of moral and intellectual superiority in which he excelled, the many contradictions he discovered in the attitudes and outlook of his fellow Frenchmen. To the leaders of the CGPF it did not occur that simultaneously to espouse economic liberalism and believe in the benefits of a powerful cartel system might have exposed them to the reproach of being similarly inconsistent. To the query whether cartel agreements would not interfere with the "classical laws" of *laissez faire*, they would have retorted without flinching that, because of the very nature of their interests, producers would never disturb the workings of the economic mechanism. In their eyes liberty was safeguarded as long as the government refrained from controlling business and business agreements.

The doctrine presented by the leadership of the CGPF did not alone suffer from its internal contradictions. It had little meaning for the actual practices of the major trade associations forming the backbone of the employers' movement, and was ignored by the majority of French businessmen. Therefore it is not astonishing that this self-styled "neo-liberalism" did not survive the shock suffered in 1936. Different forms of a corporative philosophy, artificially suppressed while M. Duchemin held the reins, swept aside the Manchesterian credo that had become hollow long ago.

After an existence of more than fifteen years, the CGPF had proven unable to fulfill most of the functions which the government had assigned to it at the end of the First World War. Where it wanted to act as a spokesman for the employers in general, it was not really considered or respected as such—and from within the business community it was so considered and

respected less than from without. Where it was expected to develop constructive action in the field of economics or industrial relations, it lacked realistic theory as well as the means of action. In the contemptuous words of a businessman who had been active in the employers' movement: "The [pre-Matignon] CGPF was never anything but a sort of central information agency, preaching to the employers the advantages of unity, tendering advice to the public authorities if the government happened to ask for such advice, from time to time admonishing its constituents—but with so feeble and uncertain a voice that it was never heard far away."⁴⁶

3. *Reorganization and Reorientation*

"The decision one takes is of little importance:
What matters is to live up to it."

Detoef, *Propos de O. L. Barenton*

The transformation of the French employers' movement took place in two phases: a few weeks after the Matignon agreement the name, the by-laws, and the structure of the CGPF were changed. In October 1936 M. Duchemin resigned his function as president of the confederation and opened thereby the way for a significant turnover in the leadership of many business organizations. The withdrawal of M. Duchemin from the presidency was clearly a resignation under pressure. The farewell speech which the former president made before the newly formed General Council hardly concealed the fact that he considered himself the victim of a palace revolution.⁴⁷ He acknowledged that not only was he saddled with the heavy responsibilities incurred by the signing of the Matignon agreement, but also that there existed between him and many members of the new Council fundamental differences as to tactics and doctrine. Under those circumstances M. Duchemin feared that his usefulness as an arbiter between conflicting interests was dangerously impaired.

Activated by the crisis of 1936, the vast majority of employers had turned almost angrily against their former leaders.⁴⁸ The

⁴⁶ Jean Mersch (one-time president of the *Jeune Patron*, which formed an integral part of the CGPF), "Le Syndicalisme Patronal depuis les hostilités," *Le Droit Social*, iv, 1941, p. 68.

⁴⁷ See Duchemin, *op.cit.* (n. 1-17), pp. 272-76.

⁴⁸ In the words of an official of one of the minor trade associations, the former masters of the CGPF had been the "overlords of big industry" and were animated

previous officials of their organizations were suddenly recognized as what they always had been: representatives of certain corporate interests who could maintain themselves as spokesmen for the entire business community only as long as their position was not challenged. Within a few months after Matignon, all those who had signed the agreement in the name of management had been dropped from their erstwhile positions, with the significant exception of M. Lambert-Ribot. A pressure group official himself, he was closer to the personalities who were now becoming prominent in the employers' movement.

Claude J. Gignoux, who assumed the presidency of the transformed CGPF, was the prototype of the new leadership. He was characterized by a political opponent as "one of those people who are strangers among the employers and strangers to industry, but who either by partisanship or because of doctrinal fanaticism sometimes bring to the defense of employers' interest more acrimony than the employers themselves."⁴⁹ What Léon Blum failed to acknowledge was that the "employers themselves" entrusted M. Gignoux with his new position. In a situation in which they felt that the authority of management, and perhaps even the institution of private property, were threatened, they preferred to see their interests in the hands of somebody who was not himself identified with any of the possibly conflicting subgroups of business and who would therefore rise more easily to the defense of the employers as a class.

M. Gignoux's past career also seemed to promise success in the political arena, where management was to seek, first, protection against further assaults and, later possibly, revenge for the defeat it had suffered. As a conservative deputy of the Loire Department after the war, M. Gignoux had served in Laval's first cabinet as a member of the premier's brain trust in economic affairs. Beaten in subsequent elections, the former graduate of the Paris Law School, who had at one time taught economics in provincial universities, turned to pressure group journalism. Until 1936 he edited with great ability and tact the daily *Journée Industrielle*, which during its long history was subsidized by a

by a "caste spirit," by "egoism and arrogance. . . ." See Pierre Nicolle, *Cinquante Mois d'Armistice*, Paris, 1947, Vol. I, p. 8.

⁴⁹ See Léon Blum, *op.cit.* (n. 1-1), p. 133.