

ONZIEME RENCONTRE INTERNATIONALE DU GERPISA
ELEVENTH GERPISA INTERNATIONAL COLLOQUIUM

Les acteurs de l'entreprise à la recherche de nouveaux compromis ?
Construire le schéma d'analyse du GERPISA

Company Actors on the Look Out for New Compromises
Developing GERPISA's New Analytical Schema

11-13 Juin 2003 (Ministère de la Recherche, Paris, France)

POWER, POLITICS AND THE STATE IN THE AUTOMOBILE SECTOR

Sigfrido M. RAMÍREZ PÉREZ

*Department of History and Civilisations
European University Institute, Florence*

The aim of this paper is twofold: on the one hand, to introduce my own doctoral research about the history of European integration in the automobile sector between 1945 and 1981, on the other hand, to suggest research avenues to create a stable working group on the role of the State in the automobile sector. It is structured into four parts. First, I will briefly present in general lines my own research objectives and the partial conclusions reached. A second part reviews synthetically the different forms in which classical and recent research on the automobile industry have understood the role of the State in the development of this industry. A third part analyses my personal view on the GERPISA's treatment of this topic. In a fourth part a range of possible research agendas will be suggested for discussion by the GERPISA network. A general discussion will be privileged and the text will be kept concise, short and light of footnotes, the aim of the exercise being to start a debate for future possible developments, without any claim of exhaustiveness.

Public policies, European integration and multinational corporations: the French and Italian automobile sector in a comparative perspective: 1945-1981

This PhD. dissertation being written at the department of History and Civilisations of the European University Institute in Florence aims at researching into the role played by multinational corporations of the automobile sector in the process of European integration and at evaluating the impact that European integration had upon the internationalisation trajectories of European multinationals after 1945. It intends to contribute to three larger historiographical debates: the history of the construction of the modern nation-State during the 20th century, the history of European integration and finally the history of globalisation. I will analyse in turn each of these issues and the partial conclusions reached during my research.

On the history of the construction of the modern Nation-State, the aim is to understand and evaluate the role that European Welfare States played in the modernisation and internationalisation of the automobile sector. The major focus is on the cases of France and

Italy in comparative perspective with Britain and Germany. This research includes the history of national policies in this sector and the attitude of bureaucrats and policy-makers towards the automobile sector within the broader objectives of economic growth, social stability and political consensus typical of the post-1945 Welfare State Capitalism. This encompasses the increasing role of the public administrations in the regulation of the sector in its domestic (taxation, pricing, State aids, national champions, research and development, standard settings) and international (bilateral and multilateral trade agreements and support for foreign direct investments) dimensions. Most important, this includes a particular attention towards a central actor in the action of the State: public corporations, Renault and Alfa Romeo, and their impact upon the whole sector. The provisional conclusion is that the State played a positive and fundamental role in preserving the existence and the success of the European automobile sector and that public corporations have been a source of modernisation and opening of the private sector to the challenges posed by American and Japanese multinationals in European and world markets. State action answered to the political objectives of politicians and was not necessarily coincident with those of the employees, managers and owners of automobile firms, but the demands and expectations of different actors were seriously considered when creating public policy as private actors actively sought particular forms of economic, social and political interventions. Despite the fact that private businesses demanded particular kinds of public policies, they remained generally hostile to public corporations and did not succeed in getting them back into private hands. Politicians were not ready to renounce to such important instruments of governance in a sector considered strategic for broader political (territorial party politics and diplomacy), social (welfare and employment conditions) and economic (inflation, balance of payment, technological spill-over) objectives. Chambers of automobile producers played a limited role in influencing policy-making because producers preferred to interact directly with the political and administrative summits of their Home States through the personal contacts provided by their administration boards and top managers. In all these countries and throughout all this period there was not a single European model of industrial policies but there were some common features, namely the existence of public-owned corporations.

Concerning the history of European integration, this research deals with the way corporations of the automobile sector contributed to the creation and development of European integration since the creation of the European Coal and Steel Community and throughout the whole life of the European Economic Community until 1981. The question in the historiographical debate is to understand the role of multinational corporations in the creation of allegiances by social and political groups towards the European construction and the way the European Communities complemented or substituted the action of European Welfare States in regulating the sector through emerging common policies in internal market, competition and trade. The partial conclusion is that European automobile producers actively claimed in favour of European integration to be able to face the challenges of American multinationals and the EEC provided them with a stable horizon in which they were able to rely on preferential access to EEC markets and the preservation for long time of a privileged position in their own domestic markets. The European governance mode during this period was one of a self-regulated oligopoly where interest intermediation proceeded through national governments, with the European lobby, the CLCA, playing a limited role in European issues in clear contrast with the active role of national automobile chambers. The emergence in the early seventies of a new lobby made up of solely European corporations, the CCMC, to face the challenges of environmental and other technical regulations, marked the first real collective attempts of the European automobile industry to push for the deepening of regional integration through new European public policies in the automobile sector, with a discriminatory single market protecting them against the threat of Japanese and American

corporations. These demands culminated in 1992, with the creation of an integrated single commercial policy and a genuine elimination of internal technical and administrative barriers to automobile trade. However, the long persistence of a competition policy which exempted automobile distribution from the application of competition law is the fundamental proof allowing us to conclude that European integration in this sector was not only guided by neo-liberal ideas but also by a neo-protectionist pragmatism which permitted for long time a compatibility between the industrial policies of European Welfare State and those of the European Communities.

Finally, on the history of globalisation, the major question tackled is how European multinationals and States contributed to the creation of a genuine international automobile industry outside of Europe and the USA. The first conclusion is that this was not a period of liberalisation of the sector despite the tariff reductions decided in regional and international agreements. Quotas, preferential trade agreements, fiscal discrimination, technical and environmental standards were elements, which made international trade and Foreign Direct Investment an extremely regulated and politicised competition between states and multinationals. The international automobile industry developed as an answer of European corporations to the increasing demand of Communist and developing countries to create domestic industries and as an opportunity to reduce the hegemonic role of American corporations in world markets. Foreign direct investments in this sector was considered strategic by host states both for their potential for industrialisation and military use. These objectives required the diplomatic intervention of European States to support the internationalisation of products and production and they were subordinated to their broader international political objectives. European multinationals searched the support of their home States to gain market access in a post-war period fragmented by commercial blocks in developed countries (the Canada-USA auto pact, the EEC, EFTA), the Cold War and the rise of import substitution policies in the peripheries of both political systems. Though, not all multinationals equally succeeded in this competition for internationalisation of their products and production as they had different strategies and means to face these challenges. In this part the internationalisation strategy and trajectory of major multinationals during this period are analysed by privileging the cases of the most important multinationals in both countries, Renault and Fiat. They represented two different cases of internationalisation with Renault following the international objectives of the French state, meanwhile Fiat succeeded to have the Italian state adjusting its foreign policy to its own internationalisation objectives.

The multiple roles of the State in developed and developing countries

The role of the State in the development of the automobile industry has been in different ways analysed by scholars from different academic and theoretical backgrounds. They could be divided into three major perspectives: sociological, political and techno-economic. They are part of larger interpretations about the functioning of capitalism and considered the automobile industry as of its most paradigmatic fields for verifying their hypothesis. A brief review of the major interpretations in this section helps us to put into perspective the way GERPISA could use or reject some of their findings and theoretical breakthroughs in dealing with the way the State had served for the development of the automobile industry. No attempt is made here to evaluate the empirical findings of the works illustrating these interpretations. They have been picked up randomly from standard research about the automobile industry and some GERPISA members could be clearly associated with one or other approach.

Sociological interpretations have generally considered the State as a secondary actor in the struggle for surplus between the two major driving forces of capitalism, capital and labour. However, different gradations in the importance of the State for the development of the automobile industry had been distinguished by competing visions on the way capitalist development evolves.

A *neo-imperialist approach* has considered that in a capitalist society, the State is the instrument of social dominant classes and its action in industry is subordinated to a dependent bourgeoisie who is unable to create independent States in front of monopolistic multinationals coming from neo-imperial countries¹. This approach has been criticized for being extremely deterministic. However, a classical research on the history of the Latin American automobile industry had concluded that differences in the development of national industries had not ultimately depended on different State intervention but on the dynamic of class struggle and domination at the national level and within the industry. The most organised and militant was labour, the less a developing State was able to bargain with multinationals, which sought at extracting a higher share of surplus from their labour force. As a result, the State failed to develop national firms controlled by domestic capital and favoured new forms of dependency from foreign multinational corporations².

This simple picture of a dialectic competition between capital and labour is complicated by the *international capital approach*, that places at the centre of the analysis the multiple competition among firms and labour movements and not only antagonistic classes. In this complex scenario the State enjoys a relative autonomy from multinationals but this does not amount to attribute it a coherent behaviour as these multiple conflicts are reproduced within its bureaucracies and agencies. Thus, the State is perceived as very permeable to the influences of contending interests and makes implausible a simplistic analysis based on bargaining analysis of equally coherent actors. In this case, dependent development of countries is possible and relates to the interactions between States, multinationals and domestic business elites. The classical study of this approach on the automobile sector has served to analyse the history of the Latin American³ and Mexican automobile industry⁴. In these studies, most authors suggested the use of industrial organisation theory to understand the behaviour of multinationals but they renounced to build a theory of the State in the analysis of public policies, considering that the historical nature of the state prevented the use of such a theory. The fact that the authors chose to use a theoretical interpretation when analysing firms and to avoid to do the same in relation to the States seems at least theoretically inconsistent but consequent with an approach which still considers state intervention as being solely the result of different social struggles.

An even more complex conflict-based analysis of State intervention is advocated by authors⁵ putting forth a *multiple dependency analysis* based on the fight for hegemony not just of corporations but also of industrial complexes which are bound together by rival concepts of control. These concepts are strategic perspectives structuring institutional networks organised

¹ For a summary of the arguments of this “neoimperialist” school and other developmental paradigms, see the book by the automobile expert, R.Jenkins, *Transnational corporations and uneven development*, New York and London, Routledge, 1987.

² R.Kronish, K.S.Mericle (ed.), *The Latin American motor vehicle industry 1900-1980*, Cambridge, MIT Press, 1984, pp.297-300

³ R.Jenkins, *Dependent industrialization in Latin America: the automotive industry in Argentina, Chile and Mexico*, 1977, New York, Praeger, 1977

⁴ D.C.Benett, K.E.Sharpe, *Transnational corporations versus the State: the political economy of the Mexican automobile industry*, Princeton, Princeton University Press, 1985.

⁵ W.Ruigrok, R.Van Tulder, *The logic of international restructuring*, London and New York, Routledge, 1995

from a core industrial corporation bound to institutions inside (suppliers, dealers, workers) and outside the value-chain (finances and governments). This bargaining analysis considered that in a country there are several industrial complexes competing and coexisting with each other. They are parts of a national industrial system, where the State is in charge of providing cohesion to the different industrial complexes. This analysis has been used to explain the evolution of the automobile industry of the EEC, USA and Japan during the decade of the eighties and has provided an explanation for industrial and trade policies in Japan, the USA and the EEC⁶. The relative power of the State to bargain with automobile industrial complexes depended on the industrial complex size, its embeddedness in the national economy and its chosen pattern of localisation. Based in these variables, a typology of dependence between States and firms is offered : the small local automobile company has the fewest possibilities to influence State action and the glocal company, such as the Japanese transplants in the USA, is the most able to change State policies in their own favour against national producers. European car complexes mostly based on national producers created a new policy level field through their support for the EEC project for internal market and trade policies. European integration served to reinforce the national alliances between States and national champions, excepting in Britain where Japanese multinationals were attracted to take the place of the failed national champion. Theoretically States are always able to choose among multinationals but ultimately decisions are more the result of the alliances between competing industrial complexes than of political actors, which are considered more reactive than proactive.

A more systemic approach has been derived from the world-systems theory. The *global commodity chains analysis* searches to identify the logic behind the international divisions of labour structuring industries such as the automobile sector. This approach complicates the picture even more as it aims to understand the interdependence between different economic spaces and not only within developed or developing areas. It does so by linking three political economic levels: first, a macro-level with a division of the world in a centre, semi-periphery and periphery; then, a meso-level of national development strategies; finally, a micro-level in the social and political embeddedness of domestic and international contracting networks. In this case, the State is able to influence the position of a country in the international division of labour by using industrial strategies which are able to move its own national industry towards higher value-added activities within the global commodity chains⁷. The automobile industry has been analysed from this perspective⁸ and has made of the East Asian NIC's their major objects of analysis⁹. Major attention is drawn to the fact that the interaction between states and multinationals had evolved through time. The trend has been of automobile multinationals becoming thanks to their expansion and concentration as the major organisers of world economic spaces, with nation States historically weakened in their capacity to influence the development of the industry¹⁰. In developed countries, States have been considered as catalysers of development when they were able, like Japan, to protect their domestic industry or attract FDI in the form of transplants which permitted domestic

⁶ W.Ruigrok, R.Van Tulder, G.Baven, *Cars and complexes, globalisation versus global localisation strategies in the world automobile industry*, Bruxelles, European Commission Monitor-Fast Programme, 1991

⁷ G.Gereffi "The international economy" in N.J.Smelser and R.Swedberg (eds), *The handbook of Economic Sociology*, Princeton, Princeton University Press, 1994, pp.206-234

⁸ N.Lee and J.Cason "Automobile commodity chains in the NIC's: a comparison of South Korea, Mexico and Brazil" in G.Gereffi, M.Korzeniewicz (eds), *Commodity chains and global capitalism*, Westport, Greenwood Press, 1994, pp. 223-245

⁹ R.F.Doner, *Driving a bargain: automobile industrialization and Japanese firms in South-East Asia*, Berkeley, University of California Press, 1991

¹⁰ C.H.A.Dassbach, *Global enterprise and the World Economy. Ford, GM, IBM and the emergence of transnational enterprises*, NY and London. Garland Publishing Inc.1989.

corporations to increase their adaptation to best way organisational practices such as Fordism in Europe and Toyotism in the USA ¹¹.

Political interpretations of State intervention make use of State theories and histories to research the impact of policy-making upon industrial sectors. States are always influential but they generally vary in the degree to which they have been able to influence the path of industries. All the approaches claim to be analytical but they have a strong tendency to favour one best kind of state intervention as bringing more benefits for economic development. The automobile sector is generally studied as a case illustrating a general kind of national tradition of policy-making, or as an exception that had developed particular institutional demands similar across States even when intervention could take different concrete forms.

The *developmental State approach* derives its name from this ideal type created by those political economists¹² who took the examples of Korea and Japan as the conclusive evidence that nation-States are definitively able to encourage industrial development. They could develop structural organisational autonomy and a strong and stable bureaucracy capable to formulate goals and policies which do not simply reflect the interests of social groups. The most adequate form for industrial development is the flexible State, able to have extractive, penetrative and coordinating capacity over economic sectors. This ideal type succeeds in transforming mere autonomy in leadership and in governing its own economy¹³. The case of the Japanese automobile industry has been often quoted as the paradigmatic example of successful Japanese industrial policies¹⁴. Later, the Korean¹⁵ experience was considered as a similar strong case confirming the well founded of this interpretation. The recent decline of the Japanese and Korean automobile industry does not necessarily invalidate this model. Thus, in the most important emerging world market, China, the State has devised automobile policies that seem to follow the Korean model¹⁶, making of this country the likely candidate to confirm the current feasibility of an automobile development guided by a powerful State. A comparative analysis of the history of countries in the industrial periphery has confirmed that national state policies still matters for all countries as research and development are mostly produced within corporations solidly embedded in their home States¹⁷.

A *neo-corporatist interpretation* of the State conceives it not as a cohesive and unitary actor as the previous one, but on the contrary as a complex of agencies with fuzzy boundaries and a variety of functions. The intervention of the State depends in the traditions of the macro-political system, distinguishing between weak (pluralist) and strong (neo-corporatist) States. Weak States are the laissez-faire Anglo-American countries with a historical political tradition of low degree of centralisation of State on society and are fairly described by the pluralist model of State intervention typical of the USA. On the contrary,

¹¹ C.H.A.Dassbach, "The social organization of production, competitive advantage and foreign investment: American automobile companies in the 1920s and Japanese automobile companies in the 1980s" in *Review of International Political Economy* 1:3, Autumn, 1994, pp.489-517

¹² Ch.Johson, L.D'Andrea Tyson and J.Zysman, *Politics and productivity: How Japan's development works*, Berkeley Round Table of the International Economy, Ballinger Publishing, 1989

¹³ L.Weiss, J.M.Hobson, *State and economic development. A comparative historical analysis*, Cambridge, CUP, 1995

¹⁴ J.Hart, *Rival capitalists: international competitiveness in the USA, Japan and Western Europe*, Ithaca and London, Cornell UP, 1992

¹⁵ A.H.Amsden, *Asia's next giant: South Korea and late industrialization*, Oxford, OUP, 1989

¹⁶ see H.Wang, "Automotive industrial policy in China and its impact to the foreign direct investment" in Abstracts, 9th GERPISA international colloquium, 2001pp.86-88. For an analysis of Chinese automobile policies, E.Harwit, *China's automobile industry. Policies, problems and prospects*, M.E.Sharpe, New York, 1995

¹⁷ A.H.Amsden, *The rise of the rest: challenges to the West from late-industrializing economies*, Oxford, OUP, 2001

strong neo-corporatist States are originally found in small European countries (Sweden, Austria and the Netherlands) . This ideal model has been extended to explain the policy-making processes which developed after 1945 in Germany (societal corporatism), Japan (micro corporatism) France (State corporatism) and Italy (local corporatism). In these countries strong peak associations of organised interests representing labour and capital are responsible for giving birth to public policies, which are mediated by the State bureaucracies at the national, local or firm levels. The State is confined to be a coordinator of the demands made by social actors, capital and labour, which are ultimately compromise-prone and consensual ¹⁸. The automobile sector of developed countries has been analysed by many authors within this framework in a historical comparative perspective to conclude that there has been a path dependent trajectory derived from the fact that all these countries shared a common experience of authoritarian political regimes. This heritage made possible that these States could develop their industry through a systematic discrimination against American and Japanese Multinationals¹⁹. The decline of the British domestic industry and the American transformation in front of Japanese corporations proved that corporatist arrangements by strong States were more effective than pluralist models of policy-making. Thus, in the context of the decline of British and American industries during the eighties, these interpretations recommended that pluralist States have to adopt neo-corporatist strategies of policy-making in order to preserve their domestic automobile producers.

During the last decade, the *multilevel governance analysis* has become increasingly influential among social scientists from different backgrounds. Originally developed by political scientists coming from neo-corporatism, it has been enriched by the works of institutional economists, economic sociologists and historians. For this approach, the State is just a particular governance type among the large variety of coordination types for economic structures which can influence economic performance. It is just one of the four levels in which society is organised, the others being the local, the transnational(regions) and the global level. In diversified quality mass production systems, such as the automobile industry, it is acknowledged that the State, and not the local or regional, is the governance mode where the industry is decisively embedded. Despite its claim as an eclectic paradigm, the defenders of this approach concludes that “ *diversified quality mass social systems of production are unlikely to exist unless they are embedded in national socio-political structures that are democratic corporatist in nature* ” ²⁰. They naturally refer to Germany, Sweden and Japan as the examples of best practice in front of those of the United States. Industrial decline has been reversed in the USA only with the adoption of corporatist practices transported by Japanese and European transplants. This affirmation is in strong contradiction with the fact that developing countries such as Korea or Spain had developed their own automobile industry without such a democratic State. Following its principles, some studies have been attempted at the national²¹ and European level²². The latter study has used a particular form of analytical research, network analysis, to conclude that nation States have been eroded by regional political and economic integration and the globalisation of production. A new

¹⁸ Ph.Schmitter, “ Neocorporatism and the State” in W.Grant, *The political economy of corporatism*, New York, 1985 and P.Katzenstein, *Small States in world markets*, Ithaca, 1985

¹⁹ S.Reich, *The fruit of fascism: postwar prosperity in historical perspective*, Ithaca, Cornell University Press, 1990

²⁰ J.R.Hollingsworth, R.Boyer, “ Coordination of economic actors and social systems of production” in J.R.Hollingsworth and R.Boyer, *Contemporary capitalism: the embeddedness of institutions*, Cambridge, CUP, 1997, pp.28-29

²¹ B.Dankbaar, “ Sectoral governance in the automobile industries of Germany, Great Britain and France” in Ph.Schmitter, W.Streeck, J.R.Hollingsworth, *Governing capitalist economies: performance and controls of economic sectors*, Oxford, OUP,1998, pp.156-183

²² A.McLaughlin, W.A.Maloney, *Multilevel governance, policy and politics*, London, Routledge, 1999

supranational level of governance has been created from the second half of the eighties thanks to the European policy network created under the political leadership of the European Commission in collaboration with the European lobbies such as ACEA and non-European corporations. Despite the fact that nation States still have a role in the formulation and implementation of regional policies, the obsolescence of national automobile policies is irreversible as many fundamental areas have been definitively transferred to upper governance levels. The creation of a global automobile industry makes unlikely that the regional level could remain stable for long time. New demands by multinationals for trans-national integration with other regions of the world have already been satisfied and in the mid-term, it is likely the development of governance structures at the global level. The application of the concept of regional governance to the case of the European Union instead of that of a supranational state shows that this approach has progressively moved towards the replacement of an unlikely model of supranational neo-corporatism to an implicit pluralist model of policy-making at the regional level.

A fifth interpretation increasingly popular in historical sociology and comparative politics is *historical institutionalism*. State intervention is explained by the development of socio-economic and political institutions. Institutions are considered both formal and informal rules, compliance procedures and standard operating practices that structure the relationships between individuals in various units of the polity and economy. As far as the State is concerned, there are three levels of state action: the narrow role of the government, that of the State in a large sense, and ultimately the nation's normative social order. This approach aims at overcoming a legal-administrative conception of the State and the descriptive approach of behaviourism. It prefers building up a mid-range theory which considers that preferences, strategies and goals of State action are mediated by socio-political structures²³. A particular rich development of historical institutionalism has emphasized the path-dependent influence of languages, symbols and interpretative frameworks in the creation of epistemic communities. These intellectual networks are constituted by corporations, lobbies, technical experts, bureaucracies and politicians and tend to converge conceptually around certain common shared views of policies for State intervention. The capacity of an authorised group to reach a technical monopoly on the interpretation on how State policy should be conducted shape the behaviour of most of the actors working in a particular sector and also state policies²⁴. This approach has been successfully used to explain the decline of the British automobile industry. Rejecting to single out the responsible- labour, management, finance or the State- for the removal of British automobile corporations, it argues that the State confirmed and followed an institutional evolution already created by capital and labour in this sector and based on labour-intensive production, semi-specialist models and low annual volumes. But it also actively locked the sector into a counterproductive development path which had been conceived for the early post-war period. The State shared with the other actors the beliefs, interpretations and assumptions that British firms would have been able by themselves and without direct intervention to imitate the one best way required to compete in the new post-war institutional environment. Therefore the State only participated in the collective failure of the British normative order depicted as rigid and insular²⁵.

²³ S.Steinmo, K.Thelen, F.Longstreth (eds.), *Structuring politics: historical institutionalism in comparative analysis*, New York, CUP, 1992

²⁴ B.Jobert, "De la nécessaire incohérence de l'action étatique" in B.Thèret (ed), *L'Etat, la finance et le social: souveraineté sociale et construction européenne*, Paris, La Découverte, 1995, pp.223-252

²⁵ Th.R.Whisler, *The British motor industry 1945-1994: a case study in industrial decline*, Oxford, OUP, 1999

A very different role of the State in the economy has been developed by *rational choice scholars*. This perspective differs from the previous in that institutions are important not as such but only to understand the context constraining the decisions on actors moved by self-interested strategic behaviour. This perspective assumes that in principle any economic intervention of the State is always a source of distortion of the natural economic development of market forces. Public action is doomed to fail as economic actors anticipate public policies to free ride at the expenses of the State. As a consequence, all industrial policies are the result of the alliance between rent-seeking firms, politicians and bureaucrats. Public firms are inefficient by definition as they follow political objectives and not those imposed by the market²⁶. The automobile sector has been studied from this perspective through the analysis of European public policies. Combining theories of regulation and endogenous policy formation, this perspective has attempted to find out the preference formation of firms and States. Then, it has considered the possibilities which existed for European States to act as reducers of transaction costs in favour of economic actors despite their tendency to reach stable political equilibrium among issue areas. Its main conclusion has been that the interest of firms and governments in creating a single market for automobiles have varied according to their exposure to economic adjustment. More precisely the game for the creation of a European single automobile market confronted a coalition of Mediterranean multinationals and States (Italy, France and Spain) against an Anglo-German alliance supported by American multinationals. The victory of the second group was carried out with the European Commission playing a secondary role and depicted as an agent with poor institutional capacity and void of any autonomy or discretion in its political action. Thus, the Commission has been just a coordinator of little importance to influence the development of an industry in which nation-States have reached a minimum common denominator on behalf of the major corporations installed within their borders²⁷.

Economists, and business theorists have generally paid little attention to the role of the State in the development of the automobile industry but they have not entirely ignored it in their theoretical and empirical research. Its conclusions partially coincides with some aspects already underlined by the political science approaches. Only the mainstream approach is analysed here, meanwhile the alternative view represented by GERPISA will be discussed in the following section.

Neoclassical interpretations about the role of the State in economic development have much in common with the rational choice perspective, excepting that meanwhile the latter was more focused on political institutions, *neoclassical economics and Chandlerian business historians* have rather chosen to centre their interest in the functioning of markets and firms. For them, economic development is the result of the natural expansion of multinational business, that spreads throughout the world capital investment and the transfer of technological and managerial best practices. State intervention in industrial sectors brings about inappropriate interferences for the creation of world markets. However this interference is unavoidable as States fight to escape from obsolescence in front of the natural tendency of multinationals to expand internationally following the different logics explained by Vernon's theory of the product cycle, Hymer's ownership and locational advantages, or Casson's internalisation advantages, and summarised in the Dunning's eclectic paradigm²⁸. Neo-classical economic theories have been associated with Chandlerian business history to give a broad picture of the world automobile industry throughout the 20th century. For them,

²⁶ J.Foreman-Peck, G.Federico (eds), *European industrial policy. The twentieth century experience*, Oxford, OUP,1999

²⁷ R.Stephen, *Vehicle of influence: building a European car market*, Ann Arbor, Michigan Press, 2000

²⁸ G.Jones, *The evolution of international business*, London and New York, Routledge, 1996, pp.6-14

American multinational corporations have been the carriers of “one best way” practices, and European States have acted under pressure from its own producers to prevent the continuation of the free trade of automobile products. Protectionism has constrained multinationals to transfer best practices to Europe and Japan and thus have made possible that these countries become important automobile producers by the adoption of the American model of organisation²⁹. Britain has been the most studied case for explaining the role of State intervention in the development of the automobile sector. Consistently with this view, the State has not really been fundamental to explain the development of national industry, which is rather the result of business dynamics and the adoption of best practices are the real drivers of success. This said, the authors have concluded that a less interventionist State not having used stop-and-go economic policies or supported the consensus for full employment would have helped the industry to improve its record by allowing the industry to reach the scale economies and stable demand necessary for the adoption of the American best way³⁰.

This brief review of major approaches to the study of the automobile industry has served to introduce the way the role of the State have been considered by a large range of approaches studying the automobile industry. Many of them have been developed or used by GERPISA members and there could have been some changes in their interpretations and in their theoretical scheme since these works were published. However an evaluation of the work done is useful for historians who have chosen to interact actively with social sciences even when they have their own research agendas and methods. Historical research agendas are more generally directed towards the understanding of the automobile within its broader national or international context and is focused upon debates which are not necessarily of current concern for social scientists dealing with the automobile industry³¹. As far as method is concerned, historian’s craft privileges and values the finding, contextualisation and evaluation of new or old sources to produce new knowledge which could serve to feed the reflections of social scientists. These interpretations could serve to orientate the research process of historians, which ideally remain informed by them but are not inclined to force historical evidences to fit a priori theoretical schemes. A typical example of the dangers of subordinating empirical research to competing interpretative paradigms could be exemplified by the conclusions reached on the automobile policies of the European Union by the multilevel governance and rational choices interpretations. Both have attributed a completely opposite role to a State-like actor, the European Commission, in the creation and development of European policies. It is surprisingly to find such a contradictory result in such a fundamental question. It is in case like this, where historians could become very useful for social scientists as empirical contradiction could not only derived from a priori theoretical schemes but by a lack of hard criticism and contrast of documentary basis. Social scientists are known to work with restrictions in the access to information sources and sometimes more pressed to confirm their own theories than to submit their evidences to the criticism and erudition which is the basis of historians’ craft.

²⁹ J.Foreman Peck “The motor industry” in M.Casson (ed), *Multinationals and world trade.: vertical integration and the division of labour in world industries*, London, Allen & Unwin, pp141-173 For the pre-1945 period see D.S.Landes, “L’automobile e lo sviluppo industriale” in G.Annibaldi, G.Berta (a cura di), *Grande impresa e sviluppo italiano: studi per i cento anni della Fiat*, Bologna, Il Mulino, 1999, pp.19-67

³⁰ J.Foreman-Peck, S.Bowden, A.McKinlay, *The British motor industry*, Manchester, MUP, 1995

³¹ A clear case of this is for example R.Billstein et alii, *Working for the enemy: Ford, General Motors and forced labor in Germany during the Second World War*, Providence, Berghahn, 2000

The role of the state and strategic power in the GERPISA network

Researchers working within GERPISA have treated at some point the role of public policies and the State in the development of the automobile industry. However, GERPISA as a collective network did not put the nation-State at the centre of its theoretical or empirical interest. Despite the fact that public policies are usually quoted and analysed in empirical research, the State has never been considered as a serious candidate to explain the different trajectories taken by automobile corporations or incorporated in the interpretative scheme in an explicit manner. In this part it will be argued that the theoretical development of GERPISA has evolved towards an increasing institutional contextualisation of firm trajectories, that will require, sooner or later, the introduction of state intervention as a major point in GERPISA's future research agenda. This introduction is likely to imply putting into question some of the theoretical basis in which GERPISA interpretations are now based and which have made difficult a major interaction with historians working in the history of the automobile sector.

In these 10 years GERPISA programme has been going from an initial questioning about the particular strategies and trajectories of automobile firms to a much more general interpretative framework: the productive models. The first programme was born in opposition to a "*pensée unique*" which predicated simple recipes, the Japanese way, to complex practical problems on how to improve the competitiveness of business corporations. Rejecting technological and organisational determinism, GERPISA deconstructed the Japanese model and studied industrial trajectories at home and abroad (transplants) to conclude that automobile firms' performance was not found only within the borders of corporations. Thus, the story runs, the construction between labour, shareholders and management of solid and agreed governance compromises have shaped the way corporations implemented different profit strategies which have been equally successful, provided that they fit the economic and social environment in which they operated. The question of the pertinence with the institutional environment was privileged as a major theoretical focus of the second programme. Thus, productive models succeeded when they were fully compatible with the modes of growth and income distribution of the national spaces in which they operated. Finally, the COCKEAS programme has gone a step further in this embeddedness of firms within their institutional context by researching the regional framework that has configured different automotive systems, and not just productive models³².

The central dynamic of the whole GERPISA project has been to go from the core of the firm in its governance compromise to a broader national, supranational and international context. In this picture, the Nation State has been avoided in three ways by GERPISA members: business theorists considered that the centre of their interest was the study of business not the business of government. Economists argued that the State is just another institution embedded within an "economic space". Finally, the organisational sociologist has preferred not to consider that the State was a part of the real social forces, capital and labour, driving organisational change. These considerations have been made despite the fact that leading business theorists³³ and post-chandlerian business historians³⁴ have for a long time

³² COCKEAS final report, www.cockeas.org, October 2002, pp.82-83

³³ R.Grosse and J.N.Behrman "Theory in international business" in *Transnational Corporations*, vol 1, n°1 (1992) and more importantly the comments by R.Vernon on the collection of U.N. library on Transnational corporations, R.Vernon, "Research on transnational corporations: shedding old paradigms" in *Transnational Corporations*, Vol 3, n°1 (1994). For the literature in French, see the contribution of J.-P.Laurencin in M.Hollard (sous la direction) *Génie industriel: les enjeux économiques*, Grenoble, Presses Universitaires de Grenoble, pp. 352-363

discussed the importance of introducing the State in their schemes on firms trajectories, how has this situation taken place?

The major reason is that GERPISA interpretative scheme does not come from nowhere but it is rather a clear continuation in the path initiated by the discipline of sociology of organisations some forty years ago. A long quote from a standard dictionary of sociology written before the launching of the first GERPISA programme would help us to confirm this impression and place it within a larger theoretical framework:

“ organization theory- (...) The subsequent (from 1961) development of organizational theory reflects both the various theoretical approaches in sociology as a whole and the influence of managerial perspectives, particularly scientific management and the human relations school. Functionalism had exerted a powerful influence on organisational theory either explicitly as in the concept of the organisation as a system, or implicitly via assumptions about organisational survival and adaptation to the environment. Organisations have been conceptualised as “open systems” with an emphasis on “input-output” exchanges between the organization and its environment. In similar vein the Tavistock Institute in England has used the concept of “sociotechnical system” to describe the interaction between technical production requirement and social system needs to demonstrate that a variety of forms of work organisation are compatible with given types of technology allowing a degree of organisational choice. Contingency theory, has synthesized many of these findings (...).Contingency theory uses an empirical, survey approach to establish correlations between contextual variables (...), structural aspects of the organization and their effect on performance. This approach has been embraced by management theorists because of its potential in relating organisational design to performance, and the implications that earlier prescriptions from scientific management for organisational blueprints or “one best way” are inaccurate. Interestingly, contingency approaches have been criticized by management theorists with the renewed emphasis on universal principles such as the need for a power organisational culture in response to the success of Japanese managerial methods. In sociology, contingency theory has been heavily criticized for different reasons, namely: its deterministic assumption, empiricism and the weakness of the correlations established. The neglect of power relations by contingency theorists has been stressed by Child (1985) who proposes a strategy contingency approach to organisations that concentrates on the role of managerial choice in actively shaping organisation structures in response to contingencies. Contingent factors, such as the environment, are, in turn, not treated as independent variables but are partly chosen or controlled by powerful organizations (multinationals, for example) (...)”³⁵.

Departing from here, GERPISA has clearly followed the path opened by the strategic contingency theory with a fundamental exception for those interesting in finding the role of the State: the environment has been treated as an independent variable. This deviation from the evolution of organisational theory has resulted from the macroeconomic aspects introduced by the regulation school, which has given birth to the productive model, the major GERPISA’s theoretical construct. In this model, the impact of the nation-State is surely introduced but narrowly reduced to shape the macroeconomic (market) and macro-social (labour) elements of the growth mode (mode de croissance): growth system and national

³⁴ R.J.John, “ Elaborations, revisions, dissents: Alfred D.Chandler Jr’s, the visible hand after twenty years” in *Business History Review* 71, (Summer) 1997, pp.151-200

³⁵ D.Jary and J.Jary, *The Harper’s Collins dictionary of Sociology*, New York, Harper, 1991,pp.347-349

income distribution respectively. On the top of it, the international regime plays also an influential and unidirectional role in the development of the productive model. In this evolutionist scheme, the firm does not shape its environment but is just thrown out there in the world and that is the reason by which the world could change the machine and not the other way around. The dynamics of the scheme is provided by the possibility of those driving the machine to adapt it to their environment, by creating governance compromises coherent with changing national conditions. Initially designed to analyse firm trajectories in their domestic environment, this scheme has been prolonged to deal with internationalisation strategies, taking a similar stand, namely, that firms move within international regimes in which they are not actors influencing it but adapting to their changes³⁶. The international regime is also a problematic dimension for the productive model. This is proved that its form is not specified in the description of different historical productive models which have existed and the way it had an impact in the trajectories of corporations. This could seem irrelevant if we share the view that there has always been a single international regime but GERPISA has defended the idea that the world is divided in regions. Then, it would have been necessary to specify in which way the development of a productive model differs when it is made within a country of the centre, the semi periphery or the periphery in particular regional areas within the changing conditions of an international regime.

This tendency to rely on natural selection model underscores the analysis of strategic interaction with other firms and States³⁷ at the domestic and international level³⁸. This is not only problematic for post-chandlerian business historians but also contradictory with the schemes suggested by other business theorists from GERPISA³⁹ and the empirical findings of some of its members⁴⁰. The historical record of the weight of automobile exports in the balance of payment of most countries and the qualitative impact of European automobile governance compromises have affected national growth and distribution arrangements, shaping the formation of macro-social and macro-economic modes of growth.

Coming back from the problems of strategic interaction to the narrow issue at stake here, the State, it is clear that the productive model and the governance compromise could also influence particular State regulation of an industrial sector and could not coincide with the macroeconomic regulation of a country due to the utilisation of ad-hoc policy tools for the automobile such as price controls, export aids or countervailing duties. More precisely, three types of policy-levels are not considered within the GERPISA model. First, meso-economic policies, or industrial policies in a large sense including trade agreements, R&D or specific

³⁶ See R.Boyer and Y.Lung, “ Between globalisation and regionalisation: what is the future of the automobile industry? “ in *IMVP Papers*, 2000.

³⁷ I recall these to be the terms voiced by the director of the European Studies Center of the University of Wisconsin (Madison) and historian of the automobile industry, J.Zeitlin, at the inaugural round table of the 8th GERPISA’s International colloquium of 2000

³⁸ An overview on the still important role of the State in the automobile sector in France and Europe today was presented also at the 8th GERPISA meeting by G.Postel-Vinay from the Observatoire des strategies industrielles. For a broader view not specific about the automobile sector see his contribution to Conseil d’analyse économique, *Politiques industrielles pour l’Europe*, La Documentation Française, Paris, 2000

³⁹ W. Ruigrok and R.Van Tulder, Op.cit.

⁴⁰ For a suggestion to introduce a more strategic shift to GERPISA see the paper by H-D.Köhler “ The TNC as a transnational political complex: research questions stemming from DaimlerChrysler and BMW-Rover deals” in 9th GERPISA’s International colloquium of 2001. For two authors who have fully considered in their work the role of the State see the papers of M.Roldán, “ Continuities and discontinuities in the regulation and hierarchisation of the world automobile industry (1960s-1990s) in Actes du GERPISA 20, “*pays émergents et firmes transnationales*”, 1997, pp.49-77 and more recently on fiscal war within a federal State see G.Arbix, A.Rodriguez Pose, “Strategies of waste: bidding wars and its impact to the foreign direct investment” in 9th GERPISA International Colloquium, 2001,pp.85-86

policy fiscal regimes for a sector such as the automobile purchase tax in Britain or the Vignette in France; second, micro-economic policies or industrial policies in a narrow sense such as state aids and control of FDI access. Finally, State-owned Corporation are also instruments by which States play a role which could range from that of a shareholder to that of the integration of the company within centralised policy-making structures. The consideration of the particularities of public corporations are theoretically important as it brings away from the communitarian illusion that the governance compromise is self-contained only within the narrow limits of the firm. Labour Unions in automobile corporations are usually part of larger organisations with their own objectives and structures which could help or block this compromise. Shareholders, and not only public ones, are part of larger networks such as States, families or banks in which automobile firms are just one piece of a larger portfolio of not only economic but also political, social or moral interests⁴¹. Therefore, in order to reach a more accurate study of the factors shaping the governance mode and profit strategy GERPISA would need also to introduce the socio-political and socio-cultural embeddedness of business institutions and not only its socio-economic aspect, as it has done until now. In a nutshell, the national dimension could not be reduced to an economic external independent variable but has to be considered within the political unit which ensure its existence, the nation-State, and the supranational organisations it has decided to create and that are responsible for the controls and creation of supranational regimes.

From 1997 onwards some GERPISA members considered that the role of the State had to be incorporated in empirical studies⁴² under the broad title “The Macro framework for auto industry development”, where some of the issues here discussed were presented as important to understand new automobile spaces. The same authors treated these issues empirically but with more emphasis on business strategies than on evaluating in full all automobile policies in these countries⁴³. It is out of the scope of this discussion paper to be able to evaluate in which way each of the papers written by GERPISA authors working on automobile industries of the periphery had treated the question in their empirical work, however it seems clear that an attempt to integrate the State in their analysis has been made with some results presented in the volume published by the emerging markets group of GERPISA in 2000. The State was considered as the creator of “automobile spaces” and public policies were put at the centre of the analysis when dealing with automobile history during the nineties even when it was clearly stated that policies objectives- technological capability, foreign exchange and employment- had been the common major objective behind the actions of developing states. A typology of the objectives of foreign economic policies was briefly presented: protected autonomous markets, integrated peripheral markets and emerging regional areas⁴⁴. But it was unclear and unspecified the way these state policies could be introduced within the interpretative framework of the productive model.

The 2000 Colloquium on regional automobile systems in 2000 and the 2001 Colloquium on mergers and alliances were the first building stones of the new GERPISA programme and marked a movement towards including both more strategic aspects and a

⁴¹ A plea to consider the issue of property was also voiced at the 8th GERPISA’s International Colloquium of 2000 by Jacques Freyssinet from IRES.

⁴² J.Humphrey “ Certain ideas about how to proceed with the analysis of the new automobile spaces” in *La Lettre du Gerpisa* 115, July 1997.

⁴³ The closest to a full treatment of state policies in a bargaining framework was J.Carrillo, “ The integration of the Mexican automobile industry to the U.S.A.: between policies and corporate strategies” in *Actes du GERPISA* n°28, 2000.

⁴⁴ John Humphrey and Antje Oeter, “Motor Industry Policies in Emerging Markets : Globalisation and the Promotion of Domestic Industry” in J.Humphrey, Y.Lecler and M.S.Salerno, *Global strategies and local realities*, London, MacMillan, 2000

further attention to the role of the State in the creation of the automobile industry in developed and developing countries. The Cockeas project tried to apply these broader questions to the study in a comparative perspective of a sui-generis form of State organisation, the European Union and its economic and political periphery, Eastern Europe, to find out the particularity of the European experience in relationship with other regional areas.

There were two major interpretative breakthroughs from this programme: firstly, the extension of the borders of the productive model from the automobile firm to the automobile system; secondly, the end of the restriction of the model to its productive dimension by introducing the principle that automobile firms are business corporations more than just industrial producers⁴⁵. These two ideas derived from the demands in some GERPISA quarters of the impact that modularisation and the rising importance of finance were taken within automobile corporations⁴⁶. This change clearly put into question the idea that the productive models were the adequate unit of analysis for the governance compromise. This theoretical breakthrough was developed even more by the Cockeas chapter on financialisation. On the one hand, the question of property became central as the productive model started to be considered as just a piece of broader business designs guided by financial, political or technological considerations of larger business units. On the other hand, some other value-added immaterial business functions, such as distribution, took a more prominent role within Cockeas analysis. The logical conclusion of the introduction of these two dimensions around the question of corporate governance started to bring GERPISA away from a narrow functionalist interpretation of adoption and back towards a more strategic model of industrial- or rather business- complexes. Both modularisation and financialisation were decisions which were taken by corporations to change and influence their industrial environment and not just the firm within its own borders. This movement implied a return to contingency theories but the use of the concept of industrial system have a similar functionalist flavour than that of the productive model, as both conceived the organisation as adapting to the institutional environment, following the predicament of theories of population ecology⁴⁷.

The fact that the Cockeas programme had been financed by the European Commission's Directorate General for Research seems to have given a renewed interest in the role of the State within the label of European regionalisation. Unfortunately for those interested in state policies the Cockeas approach suffered from similar shortcomings as the productive model. Not having theorised the role of the state in the national context of developed countries, the logical step would have been to deal with it before proceeding to the analysis of the public policies of that political unit which is the European Union (EU). But this step was not made and instead the EU was considered not as a political unit but as a market and the space where corporations had give birth to a regional production system. That the EU was firstly integrated politically and that this market has been politically constructed and controlled by nation-States did not matter to GERPISA as the production system kept on being considered as a techno-economic space unable to change its larger institutional environment. Moreover, avoiding to deal with the political nature of European integration allowed to compare it without other regions of the world. However it seems obvious to

⁴⁵ See J.J.Chanaron, "Les relations entre le Coeur et le peripherie du système automobile européen" in 10th GERPISA International Colloquium, 2002, in www.cockeas.org

⁴⁶ See the Editorial by Y.Lung and the contribution of K.Williams in GERPISA Newsletter 144, 2000.

⁴⁷ For an overview of organisational sociology N. Fligstein, "Organizations: theoretical debates and the scope of organizational theory" in C. Calhoun (ed.) *Handbook of Sociology*, forthcoming. It is published also in <http://sociology.berkeley.edu/faculty/fligstein/inter.handbook.paper.pdf>

anybody studying international relations or the history of European integration⁴⁸ that this is maybe the most important difference of the European Union as a regional unit in relationship with other areas which are mere economic units united by managed commercial interdependence but not by integration, which implies to have given away political sovereignty and be part of a political process implying an active and new form of State-building⁴⁹. In this sense the comparison seemed hazardous but quite coherent with GERPISA previous functionalist logic that preferred to study systems instead of complexes, spaces instead of States.

This fundamental political difference could have played a much stronger role in the formation of a European automobile system than what has been acknowledged by the purely socio-economic interpretation of GERPISA. For example, the legal irreversibility and constitutional dimension of the removal of internal markets barriers within the EU could have made the EU qualitatively very different for automobile producers than other regional markets such as Mercosur. Nation-States have also been able to influence automobile policies which do not exist in other regional settings, the Council of the EU having the ultimate decision-making power upon most EU policies. Additionally, European States still have purely national instruments to shape competition, such as research and development or discriminatory fiscal support⁵⁰. More broadly the GERPISA has not analysed the vanishing, permanence or transformation of the European Welfare State in the development of the European automobile industry. But this was not a mistake of GERPISA members but just a logical conclusion derived from its previous functionalist principles which do not consider that markets are also politically and culturally embedded⁵¹. A remarkable exception to this tendency has been the introduction of considerations of citizenship, fiscal policies and competition policies to analyse the extremely political issue of automobile distribution⁵². But a doubt remains, could these theoretical developments be implemented without touching the productive model scheme? And without treating the role of power and the State at large?

The Cockeas' study of EU policies have been one of the furthest attempts made by GERPISA for explicitly researching the role of the State in the context of developed countries⁵³. It concluded that it was only since the 1990s that a coherent automobile policy had existed at the European level and that it has been inspired by neo-liberal principles which attacked public subsidies and favoured open markets. This policy has been reluctant to invest public funding R&D and to encourage the construction of a social model committed towards full-employment. At the international level, the EU has been more interested in encouraging globalisation than in creating a strong regional European bloc based in coherent industrial policies, as these have been less important in means and methods than those of the Japan and the USA.

⁴⁸ A.Milward, V.Sorensen, "Intedependence or integration? A national choice" in A.S.Milward et alii, *The frontier of national sovereignty. History and theory 1945-1992*, pp.1-32

⁴⁹ *Staatenverbund*, the German Constitutional Court *dixit* in a famous sentence.

⁵⁰ The EU research budget is just around 6% of all civil spending on the total R&D of all members States

⁵¹ For the alternative framework advocated here see N.Fligstein "Markets as politics: a political-cultural approach to market institutions" in *American Sociological Review*, 1996, Vol. 61, pp. 656-673

⁵² K.Williams, "New agendas for auto research: financialisation, motoring and present day capitalism" in Cockeas WP n°3, 2001

⁵³ U.Jürgens, "Characteristics of the European automotive system. Is there a distinctive European approach?" In Cockeas WP N°5, 2002 and the corresponding chapter on Cockeas, Final report. 2002 To be more precise a paper on regional policies had been presented by G.Nelder, K.Harris, L.Evens, "The impact of U.K. regions in the reconfiguration of the automotive industry" in 9th GERPISA International Colloquium, 2001

These conclusions shared some of the typical GERPISA shortcomings when dealing with the role of the State, namely, not linking the action of corporations and those of nation states. Additionally, these conclusions would have required further empirical research departing from the principle that Community-level policies are complemented and framed those of member States and other sub-political units. For example, before recommending more public European investment in R&D for the automobile, it would have been interesting to check whether the whole public budget of European States and the EU for research in the automobile sector has really been lower than that of the USA and Japan. In general terms, it is accepted that the EU had a major disadvantage in R&D, but it is derived from lower private funding but not by lower public spending. Was this right also in the case of the automobile industry? If this was not the case, Cockeas could have recommended firms, such as FIAT, to invest more and diversify less, or to member States to reduce their taxes on profits. Asking for more spending is an easy formula but policy-making, as management decisions, are always made under budgetary scarcity and not always more funding makes a qualitative difference. Furthermore, firms are not encouraged to invest more if States are clearly committed to do so in their behalf. A second criticism to the Cockeas treatment of the State here is that there seems to be the implicit assumption that public policies have to be fully coherent with each other to really have positive effects. This is theoretically problematic if it is considered that States are often incoherent institutions because contrary to firms they always have several legitimate centres of power. Empirically, research on fiscal automobile wars within a federal country such as Brazil confirm that not only a region like the EU but also a nation-State could produce contradictory public policies. Cockeas has neither treated the question of fiscal policies as tools to encourage production or consumption despite the fact that different fiscal treatment seems to be a fundamental issue in the debate explaining price differentials across EU markets.

Considering the lack of empirical studies, should Cockeas have decided to make policy recommendations to the EU⁵⁴? It seems at least hazardous to recommend policy-making when Cockeas had not integrated in this picture the whole range of interacting actors and policies. Leaving aside these scientific precautions, Cockeas went on presenting four major conclusions for policy-makers: the automobile becoming a priority of EU funding in R&D; supporting SMEs clustering, research and internationalisation; preserving the status quo in the governance of major EU-corporations and introducing income discrimination as a basis for the reform of automobile distribution. A revision of the shortcomings of each of these recommendations could serve to understand the need for GERPISA to introduce a more structured analysis of public policies and their effects. At first, asking Member States to give more funding at the European level is perfectly coherent with a natural tendency of that organisational unit which is the European Commission. Surely DG Research was happy to see that its own demands to increase its meagre budget (around 3'9% of all EU budget) were confirmed by the independent European expert group, itself funded by the DG but there had not been a quantification of the research funding spent by governments on automobile research. Then, more funding for clustering and internationalisation of SMEs was already a priority of the new 6th Framework Programme and GERPISA just confirmed something which was already a general political priority before that Cockeas has reached this conclusion. Thirdly, the demands on governance seemed to have been suggested bearing in mind the particular status of the last survivors of public enterprise in Europe but with little success⁵⁵.

⁵⁴ To be fair, the authors acknowledged that this was not the original purpose of the exercise. However, they decided to do so following the natural tendency of any "epistemic community" of social scientists such as GERPISA

⁵⁵ European Commission, Press Room, " *Free movement of capital: Commission asks Germany to justify its Volkswagen law*", 19-03-2003

GERPISA could have provided a comparative analysis on why public property as such has been, or not, better than banks or family property in order to preserve business stability and long-term performance. Finally, the new reform of the block-exemption on automobile distribution included the independent repair sector and spare parts, as a sign that the European Commissioner in charge of this reform, Mr Monti, a former member of Fiat's, had already thought about these questions much before Cocks' conclusions⁵⁶. More generally, Cocks has criticized the lack of coherence of the bundle of EU automobile policies but it did touch only marginally on fundamental policies closely interconnected with those in which it had made policy recommendations. For example on environmental standards and its relations with research policies not much is said. Most importantly, there is even less research and conclusions on the fundamental issue of the relationship between the internal market with the myriad preferential trade agreements, customs unions and new WTO regulations which are at the centre of the trade and FDI policies of the EU. This could have opened the issue of the participation of the EU in the broader political regulation of automobile trade and investments at the world level and the future compatibility of its industrial policy instruments with the process of globalisation of European multinationals. A final issue which the Cocks could have started asking is whether in front of the creation of a concentrated world oligopoly, the EU provided a viable model for the future regulation of industry by existing international institutions, the global governance of the automobile sector.

An agenda for a research group: From the analysis of the State to the political and cultural embeddedness of productive models

Two major objectives were set up by the GERPISA programme this year, namely, to capitalise past research and open new perspectives for the future. The GERPISA executive committee asked for the incorporation of young doctoral researchers and aimed to give a new emphasis to the role of history. This paper has attempted to seize this invitation even when it has surely given an impressionistic and incomplete view of the stylised research facts and questions treated by this plural network which is GERPISA. Coming from an historian it has just tried to understand the reasons why the questions put at the top of historians' research agenda have been marginally developed by the network⁵⁷. A working group dealing with the political and cultural embeddedness of firms and more particularly on State intervention in the automobile industry could serve to set up a detailed and precise research agenda. In the wake of having submitted an expression of interest to constitute GERPISA as a European research network of excellence, this seems to me a fundamental issue for the future of the network and for the decision towards its enlargement to new questions and of the deepening of the existing scheme.

This last section suggest a provisional agenda for dealing with the possible ways that the role of the State and more broadly political power could be introduced in GERPISA's debates. It should be said from the outset that this is a consciously broad programme covering too many issues to incorporate all them at once. This broad range intends to be large enough and coherent to bring together a core of people interested within GERPISA to discuss them in more detail and to provide a more precise framework for future GERPISA members

⁵⁶ European Commission, Press Room, "Speech by M.Monti, European commissioner for competition policy. The new legal framework for car distribution. 9th Annual European automotive conference: Car retailing at a crossroad". 06-02-2003

⁵⁷ See for contributions which are similar to those of GERPISA J.Zeitlin, G.Herrigel (ed), *Americanisation and its limits: reworking US technology and management in post-war Europe and Japan*, Oxford, OUP, 1999.

interested systematically, or just occasionally, in these questions. This proposal has been divided in five research clusters which could be followed either sequentially or in parallel:

A first cluster will turn the State in all its expression and levels at the centre of the analysis and will research from its viewpoint the way various public policies are generated and their impact in the trajectories and governance compromises of productive models. A theoretical agenda and brief review has been sketched by one of GERPISA founders⁵⁸ and it could be discussed on how to make it more operational for the automobile sector. A theoretical point of departure could be to approach the issue of multilevel governance from a non-functionalist perspective by considering the state as an autonomous constitutional order, avoiding the reductionism of considering the state as just the central government and its agencies. The central empirical topic could be the role of politicians, bureaucracies, policy-making and laws in the trajectories of national automobile sectors⁵⁹. An example of research in this direction could be the study of the mapping and functioning of bureaucratic networks and expert institutions dealing with the automobile in environmental issues.

A second cluster would serve to theoretically discuss the way to complement the socio-economic aspects of the productive model with its socio-political and cultural aspects. In this concern the GERPISA could start a fertile dialogue with other organisational theories which have already treated these questions. Being a network coming from different backgrounds GERPISA should not avoid a theoretical discussion on the limits of the productive models. That this path is worthy to take is proved by the fact that the productive model has already migrated from its original automobile setting to become a theoretical construct with practical uses in other sectors. I am not advocating here for starting from scratch but to depart from what we have already to introduce this new perspective. Turning back to concrete activities for the working group within GERPISA I would suggest to start a dialogue with the author which in my opinion has the most intensively dealt with the political and cultural embeddedness of markets in the field of business history⁶⁰, organisational sociology⁶¹, European integration⁶² and globalisation⁶³. A pioneering empirical research has already been developed within this perspective dealing with one of the most important chapters in the history of automobile corporations, the invention of the M-form by General Motors⁶⁴.

Between these two extreme points, there are three intermediary research clusters appearing when going from one extreme (the State) to the other (the political and cultural embeddedness of the productive model). A third cluster will take on the question of the development of the State as a corporation: What is public in the public corporations of the automobile sector? The shareholders? the management style? the collective ethos? the modalities of State control? These firms are far away from being a simple accident when analysed in historical perspective and there are examples of failures and frank success. A comparison between public and private firms could give us an answer on the fundamental but controversial issue of the influence of property on organisation. This does not mean to enter a

⁵⁸ P.Fridenson “ Pour une histoire de l'état contemporain comme organisation” In *Cahiers du Centre de recherches historiques*, n°25, octobre 2000, pp.149-156

⁵⁹ An example is O.Favry, *L'ami public américain: les nouvelles relations industrie automobile-Etat aux Etats-Unis de 1979-1991*, Paris, L'Harmattan, 2002

⁶⁰ N.Fligstein, *The Transformation of Corporate Control*, Cambridge, Harvard University Press, 1990

⁶¹ N.Fligstein, *The architecture of markets: an economic sociology of capitalist society*, Princeton, Princeton University Press, 2001

⁶² N.Fligstein, W.Sandholz, A.S.Sweet, (eds), *The Institutionalisation of Europe*, Oxford, OUP, 2001

⁶³ N.Fligstein, *Markets, politics and globalization*, Uppsala, Uppsala University Press, 1997.

⁶⁴ Ch.Freeland, *The struggle for control of the modern corporation: organizational change at General Motors, 1924-1970*, Cambridge, CUP, 2001

theological debate about whether is good or not to have public corporations but to explain why they had existed and remained so central in the histories of many countries and what has been the particularities of public management in influencing productive models.

This question of the state as owner, naturally opens a much more ambitious fourth research cluster on the impact of different kinds of property (State, family, banks) in the functioning of productive models. In this cluster, it could be analysed the variety and continuity of particular forms of corporate governance by tackling empirically with the composition and effective functioning of administration boards and their interaction with management boards. The mapping of interlocking directorates and the relationship and synergies of automobile firms with other parts of business holdings are obvious subjects to link to this fundamental question. This cluster could also be the place where GERPISA might include a sociology of the reproduction of elites/ ruling classes in the automobile sector with biographies of owners, network analysis, stories of life of managers and top engineers. The GERPISA has the intellectual resources to do this within its framework through the already consolidated work of French social historians⁶⁵. It will also be a place where some space could be given to journalists and other authors writing biographies on automobile men to feed the empirical basis of GERPISA members.

The last cluster could deal the study of automobile corporations as socio-political and cultural actors. Within the borders of the firm, particular attention could be directed towards accounting, human relations and training, marketing, communication, advertising, public relations, external relations and to the other immaterial aspects of the firm which have increased their role in relationship to industrial aspects in the new knowledge-based economy of the automobile⁶⁶. Outside the borders of the firm, it would study with particular attention the collective groups specific to this sector, such as the Chambers of Automobile producers, suppliers or traders (is there at least one in each country of the world?) and their presence within larger instances such as local, national, European or supranational business organisations. The study of the history of national expositions, car museums and the development of brand cultures inspired by the conscious action of firms to influence their environment and strengthening or changing their corporate image after mergers are topics which could be addressed in this framework.

A final comment concerns the issue of history and historians within GERPISA. This is one of the major reasons which have brought me to write these pages. It seems evident that GERPISA has the intellectual means to become in Europe and in the world a reference for the history of the automobile sector. There are already historians at GERPISA but their number and most importantly their active participation and interactions have seriously diminished if we look at the number of papers presented at international colloquiums. This is a fact and should not be neglected by a network which attach the highest importance to interdisciplinarity and contingency. Some of the ideas here suggested might serve to bring historians back to GERPISA as many of these topics are common currency in the research agenda of business historians⁶⁷. However, this will inevitably require a real questioning of the theoretical basis in which GERPISA has developed. Without this larger theoretical debate on the GERPISA fundamentals, it would be of pure fantasy to believe that historians are going to

⁶⁵ A point of departure could be Y.Cohen, *Organiser à l'aube du taylorisme. La pratique d'Ernest Mattern chez Peugeot, 1906-1919*, Besançon, Presses Universitaires Franc-comtoises, 2001

⁶⁶ An example of this is K.Starkey, A.McKinlay, *Strategy and the human resource: Ford and the search for competitive advantage*, Oxford, Blackwell, 1993

⁶⁷ see for example the 2003 program of the Business History Conference-European business history Association at Lowell "Regions, nations and globalisation" in <http://www2.h-net.msu.edu/~business/bhcweb/annmeet/index.html>

use uncritically the GERPISA interpretative schemes. In this sense, it would be necessary to remember here the words of a group of American business and economic historians in a founding text for their own interdisciplinary research agenda “ *We are not calling for a return to the hierarchical conception of scholarship (...)we do not see business historians as research assistants for economists engage in a higher level of thinking. Although we hope that a product of this dialogue will be a better modelling by economists, our main concern is that the work of individual business historians redound to the credit of the field of business history as a whole. The real benefit of recent theoretical development in economics is that they enable business historians to recognize the essential unity that underlies a great number of the problems with which they are concerned. As a result, studies on one topic can resonate with studies on others, strengthening them all and, in turn, the field as a whole*”⁶⁸.

⁶⁸ N.R.Lamoreaux, Daniel M.G.Raff, P.Temin, “ New economic approaches to the study of business history” in *Business and Economic History*, Vol.26, n°1, Fall 1997,p.77