Warsaw Forum of Economic Sociology 3:2(6) Autuum 2012

Institutional Hybridization and Economic Performance: The State of France, the State in France

Michel Goyer*

Abstract

Does the presence of institutional hybridization invariably lead to lower rates of economic growth? The absence of tight complementarities between the different spheres of the economy makes it harder for companies to secure market-based or strategic-inspired modes of coordination. I investigate this issue with the case of France – an institutionally hybrid economy whose relative economic performance has declined in the last decade. I highlight that the prominence of state intervention in the first four postwar decades lessened the weaknesses of institutional hybridization. Nonetheless, state dirigisme did not eliminate the shortcomings associated with a hybrid model. If anything, state intervention in France significantly contributed to stifle the development of institutional capacities of actors, most notably labour organisations, which are crucial in coordinated market economies.

Introduction

The current sovereign debt crisis is also a crisis of economic growth[1]. The decisions of agencies to downgrade the sovereign bond ratings of EU member states of the

* University of Warwick, Michel.Goyer@wbs.ac.uk

1 Discussions with Bob Hancké and Marco Simoni were insightful in writing this article.

southern periphery do not solely reflect the level of debt, but also the prospects for economic growth. In particular, the rigidity of labour markets in southern European economies has often been mentioned as an important factor inhibiting growth (see also OECD 2004). Without engaging in a full debate on the relationship between rigid labour markets and economic growth, it is interesting to note that Germany, Europe's economic powerhouse, is also characterized by rigid labour markets in regard to employee dismissals, thereby inhibiting patterns of adjustment based on the use of external flexibility.

No self-respecting social scientist today ignores the importance of institutions (Acemoglu and Robinson 2012). An important aspect of the institutional literature on economic growth is the Varieties of Capitalism theoretical perspective (Hall and Soskice 2001). The approach highlights how interactions between institutional arrangements could result in the formation of tight institutional complementarities that enable companies to coordinate their activities (Hall and Thelen 2009; Soskice 1999). The presence of complementarities between different institutional spheres is secured either in the form of market arrangements that provide strong incentives for the coordination of activities at the firm-level; or via strategic means of cooperation that enable different parties to issue credible long-term commitment. The perspective also highlights that some countries are characterized by institutional hybridization, namely an institutional set-up that does not allow companies to coordinate their activities either via market arrangements or strategic mechanisms of cooperation, thereby leading to lower rates of economic growth at the national level (Hall and Gingerich 2009). Low growth in the southern European periphery could thus reflect an institutional mismatch between different spheres of the economy.

I present an overview of an institutionally hybrid environment, namely the French case. The French economy is characterized by the long-standing opposition between rigid labour markets and transferable skills. The presence of institutional hybridization in the French economy does impose constraints on the strategic direction of companies, but has not always resulted in lower rates of economic growth at the national level. I highlight in this article how state intervention in the first four postwar decades (mid 1940s to mid 1980s) lessened many of the negative consequences associated with low levels of institutional complementarities in France. Nevertheless, state intervention did not eliminate the structural shortcomings associated with institutional hybridization and, moreover, inhibited important groups in society, especially labour organisations, to develop the institutional capacities required to engage in market-based or strategic-inspired modes of coordination.

Varieties of Capitalism in France: Institutionally Hybridization and Economic Growth

The French economy has experienced a marked slowdown in recent years. While no country managed to escape the negative consequences of the financial crisis that began in 2007–2008, the weaknesses of the relative economic performance of France is particularly evident as compared to other advanced capitalist economies (Attali 2008). The deterioration of the economic position of France is often mentioned as a non-negligible factor as to why the Merkel government was able to take a dominant role in dealing with the sovereign debt crisis and ignore France's demands for a quicker commitment to rescue the Greek economy (Young and Semmler 2011). A public conflict with Germany was seen as dangerous and could frightened financial markets even more and thus serious threatened the existence of the Euro.

The relative economic decline of France constitutes a challenge for the Varieties of Capitalism perspective (VoC), an influential and important mid-level theoretical approach that illustrates how developments in the world economy are mediated by the institutional arrangements of different economies. The VoC perspective highlights how the causal influence of individual institutions on important outcomes should be seen as an interactive process, not in a piecemeal fashion (Hall and Soskice 2001). The effects of an institution are contingent upon the specifics of its interaction with other institutions with the implication that its impact varies according to the national institutional configuration in which it is embedded (Hall and Franseze 1998; Hall and Thelen 2009). In turn, interactions between institutional arrangements shape the process by which firms coordinate their activities in the provision of capacities to develop institutional complementarities based on market (LMEs) or strategic (CMEs) mode of coordination (Soskice 1999). The process of coordination at the firm-level is important for economic performance at the aggregate/country level (Hall and Gingerich 2009).

The French economy constitutes a long-standing case of an institutionally hybrid mixed market economy characterized by the lack of high levels of institutional complementarities between the different spheres of the economy at the aggregate level. The central aspect of hybrid institutions in the French case is the dichotomy between rigid labour markets in the sphere of industrial relations (OECD 2004) and the prominence of transferable skills in the sphere of skill formation (Maurice et al. 1986; Sorge 1991). The implication is that domestic companies cannot secure on their own either market-based forms of coordination or strategically oriented mechanisms of coordination (Hall and Gingerich 2009). The potential for the development of long-term strategic cooperation between firm stakeholders, that is made possible by rigid labour markets, remains unfulfilled due to the underdevelopment of training and the reliance of external labour markets for the process by which French firms build their core competencies (Culpepper 2003; Hancké 2002). The presence of rigid labour laws combined with the absence of firm-specific training result in the lack of institutional complementarities for strategic patterns of coordination found in coordinated market economies. The prospects for coordinating activities via quick adjustments to shifts in the economic environment, which could potentially result from the presence of transferable skills, face labour market barriers to the use of external flexibility (Boyer 1995; Maurice et al. 1986; Soskice 1999). The presence of general skills combined with the absence of external labour market flexibility result in the lack of institutional support for market patterns of coordination found in liberal market economies.

From the perspective of the VoC approach, the case of the relative worsened economic performance of the French economy is puzzling. Institutionally hybrid economies are expected to perform worse than either liberal or coordinated market economies (Hall and Gingerich 2009). However, the presence of institutional hybridization between the spheres of skill formation and industrial relations in France is long-standing while the poor relative economic performance of the French economy constitutes a more recent phenomenon (Attali 2008; Culpepper 2003; Gallie 1983; Goyer 2011; Maurice et al. 1986; Whitley 2003; Woywode 2002).

I highlight in the rest of the article that state intervention in the first four postwar decades (mid 1940s-mid 1980s) lessened the tensions present in the institutionally hybrid character of the economy. French policy-makers implemented policies in the financial and monetary spheres that encouraged economic growth; they also attempted to compensate for the weaknesses of labour organisations at the firm-level. Nonetheless, these policies failed to remove the inherent structural deficiencies associated with institutional hybridization. State intervention prevented the development of institutional capacities by social actors, most notably labour organisations, to coordinate their activities on their own – an important task in the aftermath of the withdrawal of the state from many aspects of economic governance in France.

French Dirigisme and Economic Coordination: The First Four Postwar Decades

The prominence of state intervention has been an important factor in the process by which French firms coordinated their activities in the first four postwar decades. The distribution of power among groups implicit in the organisation of capital, labour, and the state resulted in French policy-makers having significant powers and interventionist tools (Hall 1984). Following the economic stagnation of the Third Republic (1870–1940) in which a neutral but weak state could do little more than observe profound societal cleavages, the French economy embarked on a path of state-led growth (Hall 1986: 139–191). French policy-makers sought to exercise influence over the strategic direction of large companies in order to encourage economic growth.

The influence of state intervention in the economy was characterized by two features. First, state policies contributed to improve the financial profile of domestic companies via the operation of the financial and monetary systems. Policy-makers possessed significant leverage over resources that had a direct bearing on firm profitability (Levy 1999: 234–292). Second, the actions of policy-makers contributed, although very often in an inadvertent manner, to the weakness of trade unions as an actor in French economic governance. The role of the French state in securing economic growth meant that the undertaking of policies took place between a narrow group of elites in the civil service and in large companies rather than to provide labour organisations with the institutional/legal/organisational capacities to perform important tasks in the area of industrial relations (Hall 1986: 164–191; Zysman 1977).

The prominence of the state in economic governance from the mid-1940s to the mid-1980s resulted in two consequences: the inherent problems associated with institutional hybridization were lessened, but social actors, especially labour organisations, were left unable to perform a corresponding role to that of their counterparts in Germany and in other coordinated market economies due to institutional underdevelopment that resulted from the prominence of the state in economic governance. I present an overview of the characteristic features of state policies in France in this section; I explore the consequences on economic governance in the next section.

The first aspect of state policies in France in the first four postwar decades highlights the significant leverage exercised by policy-makers over resources that had a direct bearing on the profitability of domestic firms. At the macro level, the instauration of control over inward/outward capital flows and the periodic uses of currency devaluation served to avoid the implementation of austerity policies (Goodman 1992; Goodman and Pauly 1993; Hall 1984). The potential negative consequences of inflation were muted by restrictions on outward capital movements and currency devaluations in the event of balance of payments deficits.

At the micro level, the regulation of the financial system enabled policy-makers to exercise significant influence over the allocation of funds in the economy (Zysman 1983; see also Hall 1984: 29–33). The French financial system was characterized by the heavy dependence of domestic firms on bank loans for the financing of their investment projects – equity and internal (i.e. retained earnings) sources of finance being limited (Loriaux 1991; Mayer 1988). The French banking system, in turn, was itself characterized by the preponderant influence of the state as a result of several factors: state ownership of the three largest three commercial banks, presence of several quasi-public financial institutions with specific mandates closely aligned with the objectives of the state-led growth strategy, and the use of selective credit ceiling policies as a tool to restrain inflation and discrimination between users of debt finance (Loriaux 1991). Moreover, the independence of the Banque de France was severely limited with the Ministry of Finance wielding substantial influence over monetary policy. As a result, interest rates were relatively low, often below the rate of inflation, and the central bank was extremely generous in its rediscounting policies in order to enable domestic banks to issue long-term finance to non-financial companies (Goodman 1992; Saint-Étienne 1996).

The second aspect of state policies in France in the first four postwar decades highlights the unintended consequences associated with the undertaking of policies without the corresponding empowering of social partners, especially labour organisations. In the areas of industrial relations and work organisation, the prominence of the French state in the process by which firms coordinated their activities resulted in the non-introduction of firm-level codetermination institutional arrangements currently found in coordinated market economies such as Germany (Goyer and Jung 2011). French policy-makers sought to exercise influence over the strategic direction of large companies and, thus, avoided giving legal rights to employees that would have acted as constraints on managerial autonomy (Hall 1986: 155–159; Lange and Ross 1982; Zysman 1977). The direct and unimpeded coordination between French policymakers and the executives of large companies, both groups united by a common educational background (ENA, Polytechnique) and inculcated with a sense of strategic direction and responsibility for the performance of the French economy, constituted a core feature of the state-led growth model.

The exclusion of labour from important aspects of the decision-making process did not constitute an attempt to crush labour organisations. The regulation of the French system of industrial relations, especially after the events of May 1968, highlights the increased anxieties of French policy-makers of the consequences associated with unfettered market forces on social stability (Howell 1992). In fact, policies undertaken in the field of industrial relations were often meant to compensate for the relative weakness of trade unions at the firm-level. Nonetheless, French policy-makers also refrained from providing trade unions with significant institutional/legal/organisational capacities to perform important policies in the sphere of industrial relations (Sellier and Silvestre 1986; see also Levy 1999). An important consequence is that labour organisations focused on political activities rather than improving their institutional capacities as a stakeholder at the firm-level (Ross 1982).

For instance, the introduction of the 'most representative union' clause in 1966 was meant to increase predictability of interactions at the workplace, a noble objective given the division of the labour movement and the hostility of many companies. The "most representative union" clause constituted an important aspect of wage bargaining whereby contracts signed by one such union could be made compulsory for all employees within the firm or at the industrial level. Moreover, the clause also provided large, and thus representative, unions with a monopoly on proposing candidates in the first round of elections for workers' councils. However, the outcome of this policy initiative was unanticipated (Goetschy and Rozenblatt 1992; Lange and Ross 1982: 273–274; Sellier and Silvestre 1986: 184–187). The largest two trade unions (CGT, CFDT), at least until the mid-1980s, generally refrained to sign agreements in line with their political maximization strategy (see below). Instead, smaller but still representative unions have often been privileged partners in bargaining with employers. Moreover, during the 1970s the CGT and the CFDT experienced an erosion of their seats on works councils as workers increasingly considered the actions of smaller unions (and of non-union bodies) to be more realistic. The overall issue is that the introduction of the 'most representative union' clause constituted a piecemeal approach that was not accompanied by corresponding increased of legal rights for trade unions and works councils.

Another instance of a set of policies characterized by the unintended consequence associated with the objective of compensating for the relative weakness of trade unions at the firm-level is the practice of legal enactment. The latter refers to the introduction of legislation in the French parliament in the event of non-agreement on specific issues at the national level – the level of unemployment compensation constituting a representative and recurring case. The objective associated with the practice of legal enactment was to develop a mechanism that could serve as a substitute for the weakly institutionalized collective bargaining process, a noble aim given the fragmentation of the French labour movement. The problem with this policy is that it contributed to drive trade unions further away from assuming responsibility in the management of economic affairs at the firm level, thereby comforting them in their political maximization strategy (Sellier and Silvestre 1986: 174–178).

The largest two trade unions in France pursued, until the mid to late 1980s, a political maximization strategy characterized by the refusal to accept any form of responsibility for the performance of companies as well as by dealing with the broader management of economic crises at the national level (Lange and Ross 1982; Ross 1982). An important rupture with existing economic and social arrangements was seen as a necessary condition in order to deal with competitive concerns at the firm level, as well as tackling issues of economic performance at the national level. The ideological choices of labour organisations in the then French context of the first four postwar decades translated into two strategic choices: promotion of the political fortunes of left-wing political parties and reliance on the state for securing important labour market outcomes. The Communist-oriented CGT and the Socialist-leaning CFDT spend considerable efforts to promote the political success of the Left at the ballot box and via mass mobilization in the form of a series one-day strikes. These highly public actions were meant to deepen political support for left-wing political parties, but also to serve as a substitute for the weakness of trade unions at the firm-level (Ross 1982: 51–55). The maximalist political strategy of French unions was also characterized by seeking intervention from policy-makers in order to secure favourable labour market outcomes that eluded them.

The importance of the state intervention in the economy provided important incentives for trade unions to focus on the state in order to achieve favourable labour market outcomes that they could not achieve on their own (Ross 1982: 1–16; Sellier and Silvestre 1986). Nonetheless, the problem with this strategy is that the politicization of French industrial relations took place at the expense of the labour market activities and firm-level capabilities of organized labour (Ross 1982; see also Howell 1992). The promotion of the electoral fortunes of left-wing political parties resulted in the limited influence of labour organisations at the shop floor level.

As a result, French labour organisations were highly vulnerable to the withdrawal of the state from many aspects of economic governance after the mid-1980s.

The Legacy of Dirigisme on Economic Coordination at the Firm-Level

The liberalization of the French economy has been extensive (Djelic and Zarlowski 2005; Hall 2006; Palier and Thelen 2010). Massive privatizations, the introduction of financial deregulation, and the liberalization of atypical work constitute three important features of the post mid-1980s economic environment. Reforms have occurred in industrial relations sphere as well, with some decentralisation with the Law Fillon of 2004 and the reform of trade union representativeness in 2008, although the effects of these reforms are still to be seen. Nonetheless, the outcome of the process of economic liberalization was not pre-ordained – advanced capitalist economies have introduced measures of economic liberalization without necessarily converging on each other (Hall and Thelen 2009; Hall and Soskice 2001). The French postwar experience represents a specific instance by which settlements of conflict were negotiated. The reliance on the state in France left firm-level unions ill-prepared for the advent of economic liberalization (Goyer 2011; see also Ross 1982). The preponderant influence of the state over the development of the French economy made it difficult to develop market-based or strategic-oriented coordination after the mid 1980s. Strong and extensive legal rights works councils and training regulation aimed at developed broad competencies inside companies were not introduced in the first four postwar decades given the state's preponderant influence in industrial relations (Howell 1992; Sellier and Silvestre 1986; Zysman 1977). French policymakers have been fearful of the consequences of unfettered market forces, but have also refrained from providing social partners, especially trade unions, with significant powers (Sellier and Silvestre 1986; see also Levy 1999).

An important structural-institutional issue standing in the way of the development of coordinated market mechanisms is the absence of institutional capacities by actors to engage in strategic relationships at various levels: the underdevelopment of vocational training reflects the inability of employer associations to target wavering firms with the provision of incentives and information that would convince them to invest in training (Culpepper 2003), decades of centralized decision-making have left regional governments with little institutional capacities to encourage local actors to collaborate (Levy 1999), business associations are characterized by recurrent internal conflict between large and small companies (Woll 2005), and the ability of trade unions to serve as equal interlocutors inside companies had been inadvertently curtailed by state policies precisely designed to compensate for their weaknesses (Sellier and Silvestre 1986).

Moreover, state policies of the first four postwar decades also make it difficult to encourage a potential transition toward a liberal market economy model. First, and despite the extensive liberalization of many aspects of the economy, the French electorate is still attached to Republican ideals (Hall 2006). The state still serves in many ways as the guardian of its Republican values. In large part, the attachment to the French state reflects the ambivalence by which French policy-makers have implemented liberalizing measures. The process of economic liberalization has often been presented as the unavoidable and distasteful consequences of globalization (Berger 1995 and 2003; Schmidt 2007). The political discourse still assigns a critical role to the state in the economic sphere despite the structural transformation of the French economy and the associated dismantling of the *dirigiste* apparatus. A focus on the withdrawal of the state neglects a first-order condition for coherent LME types of institutional complementarities to develop, namely the political legitimacy of capitalist economic arrangements (Roe 1998). Second, the presence of institutional hybridization in France does not rest solely on the lack of legitimacy for economic-institutional arrangements. It also reflects that many institutions that are important to the workings of LME have not been implemented. The most prominent absent institution is labour market flexibility (OECD 2004). French policy-makers have introduced a series of liberalizing measures for non-core employment, but have left untouched the constraining legislative apparatus for open-ended contracts (Palier and Thelen 2010).

Conclusion

The presence of institutional hybridization seriously impedes the ability of companies to coordinate their activities. The southern European form of institutional hybridization is characterized by the long-standing opposition between the transferability of skills acquired in higher education studies and the rigidities of labour markets regarding external flexibility (Goyer and Jung 2011; Lange and Ross 1982; Molina and Rhodes 2007). The coordination of the activities of the firm based on market incentives (LME) or strategic mechanisms of cooperation (CME) remains difficult to achieve in the context of institutional hybridization. The absence of tight institutional complementarities between different institutional spheres also entails potential negative consequences for economic growth at the national level (Hall and Gingerich 2009). The negative economic consequences of institutional hybridization could be muted – albeit not eliminated. I highlighted in this article how the prominence of state intervention in France (mid 1940s-mid1980s) did alleviate many of the shortcomings associated with institutional hybridization. French policy-makers were able to exercise significant influence over the allocation of funds in the economy as well as being able to implement policies that had a direct bearing of firm profitability. Nonetheless, the attempt by French policy-makers to influence the process of firm coordination contained the seeds of its own demise: it was contingent upon the implementation of expansionist macroeconomic and monetary policies (Loriaux 1991), and it stifled the development of institutional capacities of social actors (Levy 1999).

The current sovereign debt crisis presents interesting opportunities to examine further the process by which the negative consequences of institutional hybridization translate into lower rates of economic growth at the national level. For instance, the macroeconomic performance of Portugal and Spain was quite good in the 1990s despite the context of institutional hybridization. In a recent research output, Hall (2013) suggests that the extent of institutional complementarities at the domestic level also interacts with the characteristics of the international political economy. The consequences of institutional hybridization on economic performance are likely to be different under the Bretton Woods regime in comparison to the current regime in the Eurozone, characterized by a specific parameter of the Mundell-Fleming theorem, namely capital mobility, fixed exchange rates, and lack of autonomy in the area of monetary policies (see also Frieden 1991). Developments in the financial and monetary spheres have come back to haunt the previous choices made by policy-makers in institutionally hybrid mixed market economies.

References

Acemoglu, D. and Robinson, J. (2012), *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, New York: Crown Business.

Attali, J. (2008), *Rapport de la Commission pour la Libération de la Croissance Française*, Paris: La Documentation Française.

Berger, S. (1995), 'The coming protectionism: Trade and identity in France", in: G. Flynn (ed.), *Remaking the Hexagon: The New France in the New Europe*, Boulder: Westview press.

Berger, S. (2003), *Notre Première Mondialisation: Leçons d'un Echec Oublié*, Paris: Seuil.

Boyer, R. (1995), 'Wage austerity and/or an educational push: The French dilemma', *Labour* 9: 19–65.

Culpepper, Pepper (2003), *Creating Cooperation: How States develop Human Capital in Europe*, Ithaca, NY: Cornell University Press.

Djelic, M-L. and Zarlowski, P. (2005), 'Entreprises et gouvernance en France: Perspectives historiques et évolutions récentes", *Sociologie du Travail* 47: 451–469.

Frieden, J. (1991), 'Invested interests: The politics of national economic policies in a world of global finance', *International Organization* 45: 425–451.

Gallie, D. (1983), *Social Inequality and Class Radicalism in France and Britain*, New York: Cambridge University Press.

Goetschy, J. and Rozenblatt, P. (1992), 'France: The industrial relations system at a turning point?', in: A. Ferner and R. Hyman (eds.), *Industrial Relations in the new Europe*, Oxford: Blackwell Publishers.

Goodman, J. (1992), *Monetary Sovereignty: The Politics of Central Banking in Western Europe*, Ithaca, NY: Cornell University Press.

Goodman, J. and Pauly L. (1993), 'The obsolescence of capital controls? Economic management in the age of global markets', *World Politics* 46: 50–82.

Goyer, M. (2011), *Contingent Capital: Short-term Investors and the Evolution of Corporate Governance in France and Germany*, Oxford: Oxford University Press.

Goyer, M. and Jung, D.K. (2011), 'Diversity of Institutional Investors and Foreign Blockholdings in France: The Evolution of an Institutionally Hybrid Economy', *Corporate Governance: An International Review* 19: 562–584.

Hall, P. (1984), 'Patterns of economic policy: An organizational approach', in: Bornstein, S., Held, D. and Krieger, J. (eds.), *The State in Capitalist Europe: A Casebook*, London: George Allen & Unwin.

Hall, P. (1986), *Governing the Economy: The Politics of State Intervention in Britain and France*, New York: Oxford University Press.

Hall, P. (2006), 'Introduction: The politics of social change in France', in: P.D. Culpepper, P. Hall and B. Palier (eds.), *Changing France: The Politics that Markets Make*, London: Palgrave MacMillan.

Hall, P. (2013), 'The political origins of our economic discontents: Contemporary adjustment problems in historical perspective', in: M. Kahler and D.A. Lake (eds.), *Politics in the*

New Hard Times: The Great Recession in Comparative Perspective, Itaca, NY: Cornell University Press.

Hall, P. and Franzese, R.J. (1998), 'Mixed signals: Central bank independence, coordinated wage bargaining, and European monetary union', *International Organization* 52: 505–535.

Hall, P. and Gingerich, D. (2009), 'Varieties of capitalism and institutional complementarities in the political economy: An Empirical Analysis', *British Journal of Political Science* 39: 449–482.

Hall, P. and Soskice, D. (2001), 'An introduction to varieties of capitalism', in ibid, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, New York: Oxford University Press.

Hall, P. and Thelen, K. (2009), 'Institutional change in varieties of capitalism', *Socio-Economic Review* 7: 7–34.

Hancké, B. (2002), *Large Firms and Institutional Change: Industrial Renewal and Economic Restructuring in France*, Oxford: Oxford University Press.

Howell, C. (1992), *Regulating Labor: The State and Industrial Relations Reform in Postwar France,* Princeton: Princeton University Press.

Lange, P. and Ross G. (1982), 'Conclusions: French and Italian union development in comparative perspective', in: P. Lange, G. Ross, and M. Vannicelli (eds.), *Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945–1980,* London: George Allen & Unwin.

Levy, J. (1999), *Tocqueville's Revenge: State, Society, and Economy in Contemporary France*, Cambridge, MA: Harvard University Press.

Loriaux, M. (1991), *France after Hegemony: International Change and Financial Reform*, Ithaca, NY: Cornell University Press.

Maurice, M., Sellier, F., and Silvestre J-J. (1986), *The Social Foundations of Industrial Power: A Comparison of France and Germany*, Cambridge, MA: MIT Press.

Mayer, C. (1988), 'New issues in corporate finance', *European Economic Review*, 32: 1167–1188.

Molina, O. and Rhodes, M. (2007), 'The political economy of adjustment in mixed market economies: A study of Spain and Italy', in: B. Hancké, M. Rhodes and M. Thatcher (eds.), *Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in the European Economy*, Oxford: Oxford University Press.

OECD (2004), *OECD Employment Outlook*, Paris: OECD.

Palier, B. and Thelen K. (2010),'Institutionalizing dualism: Complementarities and change in France and Germany', *Politics and Society* 38: 119–148.

Roe, M. (1998), 'Backlash', *Columbia Law Review* 98: 217–241.

Ross, G. (1982), ‘The perils of politics: French unions and the crisis of the 1970s’, in: P. Lange, G. Ross, and M. Vannicelli (eds.), *Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945–1980*, London: George Allen & Unwin.

Saint-Etienne, C. (1996), *Financement de l’Economie et Politique Financière*, Paris: Hachette.

Schmidt, V. (2007), ‘Trapped by their ideas: French elites’ discourses of European integration and globalization’, *Journal of European Public Policy* 14: 999–1009.

Sellier, F. and Silvestre J-J. (1986), ‘Unions’ policies and the economic crisis in France’, in: R. Edwards, P. Garonna, and F. Todtling (eds.), *Unions in Crisis and Beyond: Perspectives from six Countries*, Dover: Auburn House Publishing.

Sorge, A. (1991), ‘Strategic fit and the societal effect: Interpreting cross-national comparisons of technology, organization and human resources’, *Organization Studies* 12: 161–190.

Soskice, D. (1999), ‘Divergent production regimes: Coordinated and uncoordinated market economies in the 1980s and 1990s’, in: H. Kitschelt, P. Lange, G. Marks, and J. Stephens (eds.), *Continuity and Change in Contemporary Capitalism*, New York: Cambridge University Press.

Whitley, R. (2003), ‘The institutional restructuring of organizational capabilities: The role of authority sharing and organizational careers’, *Organization Studies* 24: 667–695.

Woll, C. (2005), ‘The difficult organization of business interests: MEDEF and the political representation of French firms’, discussion paper #05/12, Cologne: Max Planck Institute.

Woywode, M. (2002), ‘Global management concepts and local adaptations: Working groups in the French and German car manufacturing industry’, *Organization Studies* 23: 497–524.

Young, B. and Semmler, W. (2011), *The European sovereign debt crisis: Is Germany to blame*?’ *German Politics and Society* 29 (1): 1–24.

Zysman, J. (1977), *Political Strategies for Industrial Order: State, Market, and Industry in France*, Berkeley, CA: University of California Press.

Zysman, J. (1983), *Governments, Markets, and Growth: Finance and the Politics of Industrial Change*, Ithaca, NY: Cornell University Press.