
The French compromise of embedded liberalism: the case of the computing industry

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Résumé

We might currently experience the swing of the pendulum of the ‘double movement’ identified by Polanyi (1944). In the aftermath of policies inspired by mainstream economics that undermined the social compact, an increasing share of citizens indeed seems to push for further re-embedding economic activities in the social and political sphere.

Departing from mainstream economics is necessary to analyse how economic activities became dis-embedded from the social and political sphere, because its abstract models are a-historical, a-social and a-political (Fine 2016; Fine and Dimakou 2016). Adopting a political economy perspective is needed to do so, but also to envision the economy of the future i.e. to shed light on how re-embeddedness can take place.

My paper contributes to this research agenda in analysing how state intervention in France contributed to shape the industrial structure in a way that reflected national preferences. After World War II, France indeed forged its own compromise of ‘embedded liberalism’ (Rugie 1982) in re-embedding profit-maximisation and capital accumulation in broader social constructs. From 1993 onwards however, the entrepreneurial state designing and implementing its vision of industrial upgrading gave way to more horizontal policies in a context of European integration.

The case of the computing industry is especially interesting because state intervention was motivated by political rather than economic reasons. Public support to the computing industry, and more generally to the electronics sector, was perceived as costly and risky notably given the supremacy of US multinational corporations such as *IBM*. These technologies nonetheless received public support because they were necessary to sustain the Gaullist vision of national independence. The computing industry was a priority for successive governments, and the pattern of state intervention varied greatly from 1963 onwards, from strong interventionism to state disengagement and unprecedented emphasis on neoliberalism (Mounier-Kuhn 2010). Despite being one of the pioneers in computing science in the late 1940s, France ultimately failed to keep the pace of learning and incremental innovations and to achieve successes in terms of sales.

My theoretical framework is grounded in the institutionalist perspective, which is well-suited to analyse industrialisation as a growth process grounded in institutional transformation, and not just in the expansion of the market (Johnson 1982; Amsden 1989; Wade 1990; Chang 1994; Evans 1995; Amsden 2001). At the micro-level, my framework relies on the theory of the innovative firm (Lazonick 2013) and on evolutionary and neo-Schumpeterian approaches

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emphasising the importance of routines and of learning opportunities leading to the accumulation of technological capabilities. I link these two dimensions with the meso-level, where I analyse the importance of the innovation ecosystem and of the national innovation system for processes of economic upgrading.

Regarding methodology, I rely upon archival research to analyse the minutes of cabinet meetings in which the relevant ministers, head of administrations and advisers designed the French industrial policy. I also conduct interviews of former ministers, head of administrations and CEOs of French 'National Champions' who received state support. Finally, I rely on quantitative data to assess the evolution of the French computing industry.

Mots-Clés: Political economy, Institutionalist perspective, Industrial policy, Globalisation, Industrial upgrading