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Formation of the European Business System:
Birth of Trade Associations and Trade Unions
in the French Construction and Civil Engineering Industry

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Introduction: Are Asian business systems deviations?

The Asian model of the business system, which is characterized by the strong kinship between the government and industry, was regarded as a normative model for the take-off of developing economies. The Asian business system is typical of the construction and civil engineering (C&CE) industry. The Japanese C&CE industry has become the second largest in the world and the Korean one leads in high-speed economic development.

However, the *dango* (collusive tender tolerated by the government) system, which supports the evolution of the Japanese C&CE industry, is severely criticized as a vice against the "universal" model of the market¹. The Asian economic crisis destroyed the myth of the Asian business system and makes us reconsider its virtue and its vice.

The most important point is that there is no pure market economy, which realizes the competitive model of free economy, in the world. Even both the American C&CE industry (the largest in the world)² and especially the French (the 3rd) have their own coordination systems and problems of bribes. In this meaning, American and French C&CE industries are also subjective elements of their own national business systems rather than free players in purely competitive market economies. The only difference between American and French ones and Asian one is the difference of process and rules at their systems. For example, the Ministry of Construction doesn't

¹ Haruto Takeda, *Economics of Collusive Tender: History and Logic of Japanese Regulation System (Dango no keizaigaku)*, Tokyo: Shueisha, 1994; Shozo Uchiyama, *Construction Industry (Kensetsu sangyoron)*, Tokyo: Toshibunkasha, 1983; *Construction Works (Kensetsu rodoron)*, Toshibunkasha, 1983.

² On the bribes in the American C&CE industry, see Organized crime task force, *Corruption and racketeering in the New York city construction industry*, New York: New York University Press, 1990.

hesitate to keep *formal* contact with contractors' unions in Japan, while *informal* networks between contractors play a more important role for the economic coordination in France.

Therefore, the judge of virtue and vice of national business systems in the Asia is a delicate matter. The simple application of the IMF model of market economy must be not the best solution for the reform of Japanese economic structure and for the treatment of Korean economic crisis.

For this reason, the objective of this paper is to analyze the formation of the business system of the C&CE industry in France -- a Western but non-English-speaking country. I use the term "business system" to emphasize not only the official institutions, such as enterprises, business associations and trade unions, but also the networks, such as training systems, the informal tradition of craft organizations, customs between employers and employees and relationships between the government and the industry³. I choose French case because this business system makes us consider the third "European model" which is different both from the American market model and the Japanese *dango* model.

It is necessary at first to distinguish the social part based on the proper history and the economic part which should be globalized. And secondly, it is important to clarify the domestic rules of each business system and make a new international rule to bridge the different business systems. This may be a best way for the integration and the cohabitation of the Western and Asian business systems. This is why we analyze the institutional history of a European business system in the comparative point of view of an Asian economist.

1. Method and Theory: Comparative Institutional History of Business systems

The C&CE industry is an industry to which mass production has never suited. The flexible production, which has been recently stressed in other industries, has been elaborated in this industry from the beginning of the industrialization. Different from Alfred Chandler's integration model of big enterprises, the C&CE industry is characterized by the number of small and middle-size enterprises. On behalf of integration, multi-function business associations are well developed for the conciliation, collaboration, collective training of workers, and the technological transfer and sharing of know-how. To take an example of the C&CE industries in France and Japan, I would like

³ For the discussion on business system, see the first chapter "The comparative analysis of business systems" of Richard Whitley's *European Business System: Firms and market in their national contexts*, London: Sage, 1992.

to analyze the advantage of the formation of the business network at the place of integration of small enterprises into larger ones.

The network plays an important role in the workers' world. The works of the C&CE industry are composed of very diverse crafts such as masons, carpenters, plasterers, plumbers, furniture makers, etc. Though these workers work together, they are very independent. The workers of each trade organize a guild because of its unique community and its proper system of training. From the end of the 19th century, however, construction works (especially those in civil engineering) came to be organized as a network progressively through some technical innovations, such as canalizations (water, gas and electricity) and the use of reinforced concrete and metal which demanded a more strict collaboration and standardization. These changes caused the modernization of workers' organizations, too. The technological innovation created new crafts like cement workers, steel frame workers and electrical workers. Certain crafts, which needed a special skill, such as furniture makers, preserved a guild and its training system. At most crafts, however, the traditional guild was replaced by a modern trade union after an 1884 law authorized the formation of professional organizations. The workers' networks were radically reorganized in this way between the end of the 19th and the beginning of 20th centuries.

Several large general contractors were formed in this period while most enterprises remained as small and medium-scale enterprises. They couldn't take advantage of mass production because the production of this industry was always diverse and unique. Unlike other industries, they would not risk to adapt to a new market demand if they enlarged only the scale of production. Therefore they chose to form a network instead of an organizational integration. The methods of economic history that study the macroeconomic development, and the traditional methods of business history that analyze the microcosms that enterprises form, are not sufficient to analyze the network. That is why we want to emphasize the concept of "business system".

Tsunehiko Yui proposed a new concept of business system to analyze the particularity of Japanese practices in the 1980s⁴. He criticized A. Chandler⁵ who analyses only the management system and tried to define the Japanese business system by a balance of two opposite characters: competition and cooperation. This concept is shared by many Japanese and non-Japanese historians

⁴ We can find the indication even in Johannes Hirschmeier and Tsunehiko Yui's *The Development of Japanese Business, 1600-1973*, George Allen & Unwin: Harvard University Press, 1975.

⁵ For example, Alfred D. Chandler, Jr., *Strategy and Structure: Chapters in the History of the Industrial Enterprise*, Cambridge, Massachusetts: The M.I.T. Press, 1962; *The Visible hand: The Managerial Revolution in American Business*, Cambridge, Massachusetts: Harvard University Press, 1977.

who work in the non-English-speaking countries where informal systems (personal networks, customs, mentality, etc.) are as important as official institutions⁶. The famous definition of Japanese economy by Keiichiro Nakagawa represents this tendency⁷. Developing the concept of "business system", he characterizes Japanese management as "an informal system" which includes proper practices of Japanese society. In the same direction, Haruto Takeda (1994) analyzed the "dango (collusion)" network of Japanese C&CE enterprises that arranges public tender and conciliation outside of official processes and which causes big international political debates on Japan's closed markets.

Japanese and American researchers have come to use the term "economic system" in its larger meaning in place of "business system". Masahiko Aoki, for example, published two standard books in Japanese⁸. Researchers of this "comparative institutional analysis (CIA)" such as M. Aoki, P. Milgrom⁹, A. Greif underline the institutional diversity of economic evolution of each of these countries. Opposite of the classic thesis of A. Chandler, they insist that the strategy of an actor could follow an institutional system because the system has a strategic complementarity. Aoki emphasizes that an economic system forms a proper evolution according to historical, technological, social and economic environments. He calls this phenomenon "historical path dependency"¹⁰. That is why the historical institutional analysis is indispensable to understanding the diversity of economic systems.

European researchers also propose a similar hypothesis on the European business systems influenced by the research on the Asian business systems in these ten years¹¹. The French economist school of Regulation is one of the opinion leaders of this direction in economics¹² and

⁶ One of the most recent studies is M. Aoki and R. Dore's *The Japanese Firm: Sources of Competitive Strength*, Oxford: Oxford University Press, 1995.

⁷ Keiichiro Nakagawa, "Japanese Management: An Interdisciplinary Approach", The Japan Foundation of the Japanese Studies Center, Oriental Seminars on Japan No.12 (1983); Keiichiro Nakagawa, "Japanese Management in Historical Perspective: Informal, Integrative, Democratic and Focused on the Long term", Shigeaki Yasuoka and Hidemasa Morikawa ed., *Japanese Yearbook on Business History* 5, Japan Business History Institute, 1988.

⁸ Masahiko Aoki, *The evolution and the diversity of economic systems (Keizai system no shinka to tagensei)*, Tokyo: Toyo-keizai-shinposha, 1995; *Introduction to the comparative institutional analysis of economic systems (Keizai system no hikaku-seido-bunseki)*, Tokyo: Tokyo University Press, 1996.

⁹ P. Milgrom and J. Roberts, *Economics, Organizations and Management*, New Jersey, Prentice-Hall: Englewood Cliffs, 1992.

¹⁰ M. Aoki (1996), p.1-19.

¹¹ R.D. Whitley, *Business Systems in East Asia: Firms, Markets and Societies*, London: Sage, 1992.

¹² Robert Boyer, « Du Fordisme au toyotisme... ou lorsque l'élève dépasse le maître », in *La nature et la place des relations industrielles dans la dynamique de l'économie japonaise* Séminaire Japon

there is a academic trend called as "New Institutionalism" in economics, politics, sociology and history, which focus on institutional comparison¹³. Among all, the sociological research of R. Whitley must be most important for our analysis. He defines a business system by three elements: the nature of the firm, market organization and Authoritative coordination and control systems¹⁴. Our paper develop this direction.

DGV-GERTTD-CEPREMAP, du 21 juin 1991 (*Nyumon Regulation*, Tokyo : Fujiwara shoten, 1990); Benjamin Coriat's *Penser a l'envers: Travail et organization dans l'entreprise japonaise*, Paris: Christian Bourgois, 1991 (*Gyakuten no shiko*, Tokyo: Fujiwara shoten, 1992).

¹³ In sociology, Walter W. Powell and J. DiMaggio, eds., *The New Institutionalism in Organizational Analysis*, Chicago: Chicāgo University Press, 1991. In history, Christel Lane, *Industry and Society in Europe: Stability and Change in Britain, Germany and France*, Aldershot: Edward Elgar, 1995. In Economics, Geoffrey M. Hodgson, *Economics and Institutions: A Manifesto for a Modern Institutional Economics*, Polity Press, 1988. In politics, B. Guy Peters, *Institutional Theory in Political Science: The New Institutionalism*, Cassell Academic, 1999.

¹⁴ R.D. Whitley, *European Business System: Firms and market in their national contexts*, London: Sage, 1992.

2. Business System of the C&CE Industry in France

To study the French C&CE industry, we must focus on the practices, habits and culture as Japanese researchers has done on their subject. Of course, corruption is censored more seriously and the French business system is not directly comparable to Japanese one. But, the French C&CE industry has developed its proper manners and culture and has institutionalized them. This industry has always been a strategic sector for the economy. The interventionism of the state, the power of engineers, the *pantouflage* (the golden parachuting: young retiring bureaucrats' acquisition of top private-sector jobs) are the specific elements which distinguish the French C&CE from that of other western countries. The business culture of this industry is strongly influenced by the technical dynamism of engineers, but it also contains the most conservative workers' tradition of guilds. The employers' unions and trade unions of the C&CE industry give us a rich field of study.

P. Jobert, M. Lescure, M. Moss (University of Glasgow) and M. Slaven organized a conference on "the network of enterprises and of employers in industrialized countries, 1750-1950" at the 12th International Congress of Economic History (Seville, 1998). A large debate was formed on "Trade associations in business history" at the International Conference on Business History in 1988¹⁵. The business associations in Japan, the US, UK, Germany and France were compared at this conference. Representing France, J.-P. Daviet examined a case study on the French trade associations in the glass and chemical industries¹⁶. But, only the *entente* (cartel) was analyzed here, as T. Hara commented at the session¹⁷. D. Barjot studied, partially but for the first time, the history of organizations of the C&CE industry¹⁸. We would like to develop this research by analyzing the formation of formal and informal networks of the industry.

The formal system and the informal system should be distinguished. Institutions and functions founded by the official rules belong to the formal system: the formation of business associations (employers' unions), the formation of trade unions, the custom of negotiation between employers and employees, the birth of professional journals, the development of engineering

¹⁵ Hiroaki Yamazaki and Matao Miyamoto, ed., "Trade Associations in Business history", The International Conference on Business History 14, *Proceedings of the Fuji Conference*, Tokyo: University of Tokyo Press, 1988.

¹⁶ Ibid., p. 269-295.

¹⁷ Ibid., p. 296.

¹⁸ Dominique Barjot, *La grande entreprise française de travaux publics (1883-1974) : Contraintes et stratégies* : Thèse de Doctorat d'Etat ès Lettres et Sciences humaines, 7 vol., Université de Paris IV, 1990.

education, the birth of workers' and technicians' training, the system of tender, the application of the labour law, etc. (see the Figure 1 & Figure 2)

The informal business system is defined as stable patterns, which consist of the proper collective culture of a certain group. The following elements are included in the informal system: the tradition of interventionism, the networks of employers, the networks between the government and the industry, the *pantouflage* (the golden parachuting), the political and social prestige of engineers, the competition and the cooperation between engineers and traditional architects, the conflicts between trade unions and old guilds, the birth of the heterogeneous identity of the C&CE industry, the culture of the Construction industry and that of the Civil Engineering industry and the problem of "logic of honor"¹⁹.

¹⁹ Philippe d'Iribarne, *La Logique de l'honneur, Gestion des entreprises et traditions nationales*, Paris, Seuil, 1989.

Figure 1 : Business System of the Construction and Civil Engineering Industry

System = Organization + Network
(Institution) (Custom)

1. Organizations**1-1 Organizational Apparatus**

Office / Meeting Room
Permanent Secretary
Employment Office
Accident/ Unemployment/ Mutual Aid Insurances
Producers' Cooperative
Legal Advisory Group

1-1a Organizational Apparatus specific for employers

Commissions of Litigation / Price
Pension of Workers
Technical / Accounting Advisory Group
Technical Laboratory
Buyers' Cooperative

1-1b Organization Apparatus specific for workers

Allocation of Trip
Gift of money for soldiers

1-2 Cultural Apparatus

Professional School / Training Course / Skill Contest
Journal / Pamphlet / Poster
Library
Conference / Speech
Banner / Emblem / Song / Letterhead

1-2a Cultural Apparatus specific for employers

Banquet / Dance Party
Funeral / Marriage of members
Directory / Classified Advertisements
Distinguished Service Medal

1-2b Cultural Apparatus specific for workers

Party
Labour Day / Demonstration / Funeral of Martyrs
Language Course of Esperanto

2. Network

2-1 Formal Network

International Federation of C&CE (Employers / Workers)
National Federation of C&CE (Employers / Workers)
Regional Federation of C&CE (Employers / Workers)
Stock Exchange / Trade Union Centre
Central Society of Architects
Groups of Speciality / Prefecture / Area

2-1a Formal Network specific for employers

Chamber of Commerce
Tribunal of Commerce
Council of Public Works (Ministry of Public Works)
Central Committee of Employers' Unions
French Association for the Developpement of Public Works
Legal Committee of Public Works & Material entrepreneurs
(Ministry of Public Works / Liberated Regions /
Interior / War / Marine / Colonies)
Office of Construction and Civil Engineering
for the Reconstruction of Damaged Regions
Union of entrepreneurs of C&CE in Damaged Regions
Commission for the Study of the Way to Facilitate the
Restoration and to Remedy the Housing Crisis
(Ministry of Labour)

2-1b Formal Network specific for workers

C.G.T. (Association of French Trade Unions)
C.G.T.U. (Association of French Trade Unions - Communists)
C.F.T.C. (French Association of Christian Unions)
Bourse Libre du Travail (Strikebreaker's Union Centre)
Others : Réformistes, Parti du travail

3. From the association to the organization: organizations of employers and workers

The community of trade unions at the C&CE industry was long studied by social historians like M. Agulhon or G. Icher in France and M. Tanigawa and T. Kiyasu in Japan. In France, Michèle Perrot and Stéphane Sirot are interested in the formation of trade unions of the construction industry. Studies on employers' organization are rare except for a short analysis at the Japanese conference on "Trade associations in business history" (Fuji Conference, 1988).

According to oral tradition, the origin of trade unions goes back to the construction of the Tower of Babel from which masons gathered. The crafts of the C&CE share this mythic identity, old rites, ceremonies and independent *sociabilité* (unit of social activities or communication). These characters faded out at the end of the 19th century as trade unions took place of guilds (*compagnonnage*) since 1884.

M. Agulhon classified workers' *sociabilités* before 1848 in two categories: an informal *sociabilité* (pubs and night meetings for example) and a formal *sociabilité* (workers' chorus, mutual-aid associations, guilds, etc.)²⁰. According to him, an informal *sociabilité* has a tendency to transform itself to a formal *sociabilité* and finally creates a modern association.

A. Chandler's model of organizations, "the structure follows the strategy", has been severely criticized by economists in non-English-speaking countries especially for these ten years. If enterprises and employers'/workers' unions follow really a strategy of maximization of profit, they will form a similar structure in all countries. But, history of institutions and social manners of each country produce evidences against the easygoing generalization of this theory because the strategy also follows the structure. In the French C&CE industry, these elements went a historic change at the end of the 19th century. Most of large enterprises, employers' unions (business associations) and trade unions were founded at this period. Guilds and its particular culture faded out in these new tendencies. The change in the C&CE industry shows us a good example on how a business system was modernized while keeping old manners.

It is natural to think that trade unions success the most of social and cultural heritages of guilds. However, the extent of influence depends unions. By a 1884 law, employers' unions and

²⁰ Maurice Agulhon, "Classe ouvrière et sociabilité avant 1848", in *Histoire vagabonde*, 2 vols., tome 1, Paris, 1988, pp.60-97; "Working class and sociability in France before 1848", in Pat Thane and others ed., *The Power of the Past, Essays for Eric Hobsbawm*, Cambridge U.P., 1984, pp.37-

trade unions have registered their states and members of executives regularly to the Ministry of Labour since the end of the 19th century. According to these archives, trade unions could be divided into three categories.

The first category is composed by traditional unions: members should be French, more than 18 years old and presented by two members. These unions are generally related to certain crafts which require special skills, such as furniture makers' trade union. And skills are taught by a training program organized by a union. The structure of organization is stable and members of executives have a tendency to keep their position for several terms.

The second category is represented by more innovative unions: they accept new members without any strict conditions and their states and organization were often modified. The Amalgamated Trade Union of Construction in Paris (Union des Syndicats du Bâtiment), for example, integrated several unions of different crafts of this industry. This union is so active that the executives are reelected every year, sometimes twice a year. And this character makes the organization relatively unstable though its radical tendency is reinforced.

The third category is characterized by trade unions of the newly founded crafts at which the most modern technology and new materials are used. The trade union of steel frame constructors, for example, requires no condition for its members, encourages the amalgam of unions and becomes a new leader of the labour movement of the 20th century.

The first type has a tendency to compete with the second and third types because the last two types try to attract new workers by criticizing the old manners of bullying often practiced at guilds. Only the first type is stable enough to success the sense of community of traditional guilds. The second and the third types renew not only their members but also their executives too often to success the skills and the culture from seniors. To keep the culture, organizations should be closed and stable with permanent executives. It was rather employers' unions than workers' that satisfies the conditions to success the craftsman culture of guild.

4. Informal Networks of the C&CE Industry

As C&CE works are collective, banquets play an important role in the activities of employers' and workers' unions since their creation. The *sociabilités* (communities) of voluntary associations at the first half of the 19th century was well studied by social historians such as Maurice Agulhon though those of professional unions of the 19th and 20th centuries has been ignored

because of problems of sources and methods.

The National Federation of Public Works, the former French Public Works Entrepreneurs' union, preserves the minutes of all annual banquets since 1882 without interruption (except for the periods of war). No historian has ever touched these private archives and we have an occasion to look into these documents thanks to the general secretary of the Federation. These minutes noted every year names and titles of participants, their seats, the order of toast, speeches and the names of workers decorated with a distinguished service medals. These precious sources show us the structure and the transformation of informal and formal networks of employers. (see Figure 3 & 4)

Institutional and organizational history often use organization charts to describe their sources, while we try to describe not only by organization charts of formal organizations but also schemas of informal networks. Our focus is on the transformation of these charts and schemas as the business system develops. Four points are important in this direction.

Firstly, hierarchal positions reflect the professional relationship in the industry. The president of banquet of public works entrepreneurs was often the minister of construction or his representative. A banquet starts with a speech of the president of the union, in which the mention to the presence or the absence of the minister is never missed. Thirty or forty government engineering officials, mainly belonging to the Ministry of Construction, officials are also invited by employers of public works, while the banquet of masons invited once the minister of education because they have managed professional training schools.

Secondly, it is necessary to distinguish persons personally invited as an individual and ones officially invited with job titles. The first type of invitation depends on the personal relationship and they are continued to be invited even after the persons change their positions, while the second type of invitation will be continued even after the position is replaced by another person. There was a tendency that the second type of invitation takes place of the first. Though a network depends on personal relationships of members was an informal association, the network connected by official job relationships of the union are no longer informal. This institutionalized network could be called as semi-official network or even as a formal system. So, the change of the styles of banquets shows us the transformation of an informal association to a semi-official network.

Thirdly, informal networks help to form official organizations. The world of the C&CE industry was not uniform in the 19th century. Employers and workers preserve identities and

traditions of each craft such as mason, carpenter and plumbers, rather than those of the industry in this period. It was after the foundation of the National Federation of Construction and Civil Engineering (N.F.C.C.E.) in 1912 that the industrial identity became officially established.

However, each craft unions form informal industrial networks before the foundation of a formal industrial organization, as we have observed how the Union of Entrepreneurs of Public Works (U.E.P.W.) has invited their guests to their annual banquets.

Even before the foundation of the N.F.C.C.E., the U.E.P.W. joined several federations and had many affiliated organizations such as pension and mutual aid funds and technical laboratories. They invited not only government officials but also representatives of the affiliated unions to their banquets and banquets were one of the precious occasions to exchange semi-official information and to confirm the solidarity of an industrial network.

At a banquet of the U.E.P.W., the hierarchy and the structure of this network were described by the place at table and the order of toasts. According to these observations, there was a transformation of the structure of this network. For example, the seats at the honorary table of architects, who were at the top of the old craftsman's world, were replaced by government civil engineering officials, who became at the top of the modern industrial hierarchy by the end of the 19th century.

5. Formation of a Business System in France

In 1882, both employers and workers form only an informal association or network in the C&CE industry. This old business system was changed since a 1884 law legalized business associations and trade unions: informal associations are transformed into formal organizations and network systems.

As for the institutionalization of professional unions, four innovations should be mentioned.

Firstly, the formation of craft, regional and national federations. Both employers' and workers' craft unions have struggled to overcome the egoism of each crafts for the amalgamation of industrial unions. They organized nation-wide craft federations and industrial (inter-craft) regional federations at first and tried to form a national amalgamated federation. Then, the National Federation of C&CE Industry and the National Federation of C&CE Workers were founded nearly at the same time at the beginning of the 20th century.

Secondly, the balance of power between concentration and decentralization was the most

important issue for the structure of both employers' and workers' unions. They realized at first the concentration of power by making a permanent secretary. However, the executives come to lose the control as the organization become nation-wide and they started to introduce regional or craft divisions.

Thirdly, whether employers and workers' unions survive competitions, not only those between employers and workers but also those among trade unions themselves, depend on organizational apparatus. Certain employers' unions had a violent apparatus such as a strike-breakers' union but its role in the industrial relations ended after the World War I and more practical apparatus become essential to attract new members. The functional apparatus, such as legal and technical advisors, an employment office, unemployment insurance and a pension are as important as a cultural apparatus such as a journal, a library, training courses, parties and banners. It was to complete these services that most trade unions could not help integrating themselves into a larger organization after the World War I. (see Figure 1)

Fourthly, the business cultures are renewed based on these organizational structure and apparatus.

This process was not developed uniformly but both employers' and workers' unions realized these strategies to become influential. The twins of these two unions --- employers' union and trade union -- founded at the same time in 1884 have developed for more than a hundred years as rivals. Their relationship could not be described by a simple dualistic dispute. However, it is concluded that the C&CE employers succeed to integrate civil servants, private engineers, white-collar workers and strikebreakers into their industrial system after the World War I, while workers' unions try to uniform their world of labour with the National Federation, repeating partial splits. It follows from this that the specific structure and culture of the French business system of the C&CE industry was formed by 1930. (see Figure 5 & Figure 6)

Conclusion: Comparison between French and Japanese models

To compare the French C&CE industry with the Japanese one, there are more similarities than differences: the formal intervention of the government into the market, the golden parachuting (appointment of a former government official to a high position in a private company), the development of business associations and trade unions as pressure groups, the institutionalization of informal network between contractors and the government, academic cliques in employers' network, etc. But there are always differences of practice between countries even though the

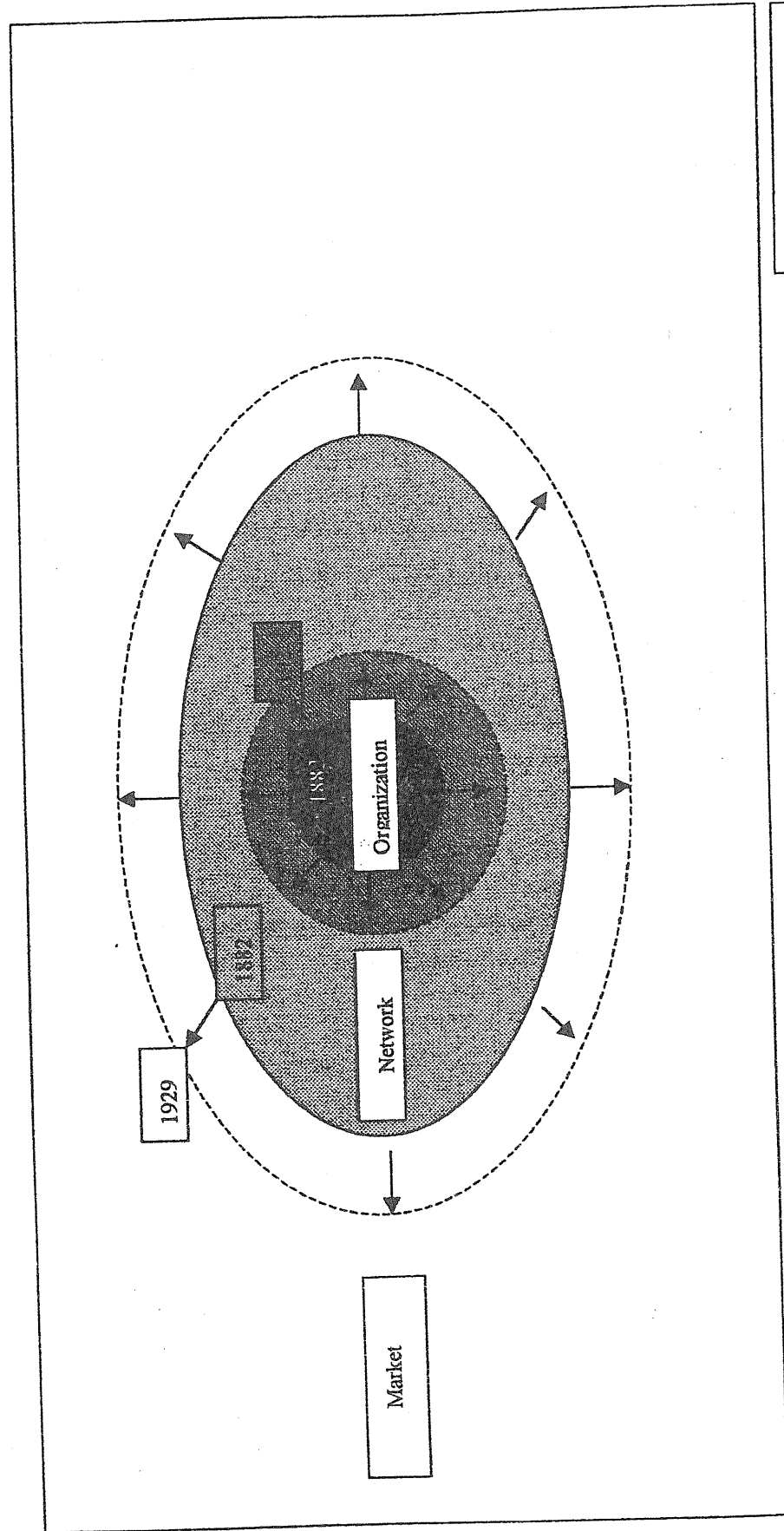
appearances are similar.

For example, the Japanese parachuting, *amakudari*, is different from the French one, *pantouflage*, because Japanese enterprises engage mainly high officials, expecting their specialized knowledge and official network that they have gained at the former position, while French enterprises often recruit youngest government engineer as soon as they finish *grandes ecoles* (elitist schools for bureaucrats), evaluating their generalist capabilities and academic cliques. So, the French parachuting makes the relationships between industries and the government less direct and less official than the Japanese one. However, it doesn't mean that the French model is more liberal: the French parachuting is less changeable than the Japanese one despite the globalization of business manners, because it based not only on the French engineering education system but also on the social hierarchy of which government engineers (graduates of *grandes ecoles*) are on the top since the 18th century.

A pure market economy exists nowhere. Even developed economies, which have insisted the liberal market against developing countries, are historically socialized by particular path dependencies. The objection will no doubt be raised that our observations are not sufficient to draw a general conclusion. But our historical studies on the French C&CE industry clearly shows that the differences between French and Japanese business systems are mainly their rules and practices based on the historical process. From this point we might go on to further historical comparison with other Pacific and European countries, such as South Korea, Singapore, U.S. and U.K. in order to get an unobstructed view of the globalization.

Figure 2: Institutionnalization of the Business System of Construction and Civil Engineering Industry, 1882-1929

Business System = (Organization & Institution) + (Network & Custom)



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Figure 3 : Organization of the Union of Entrepreneurs of Public Works

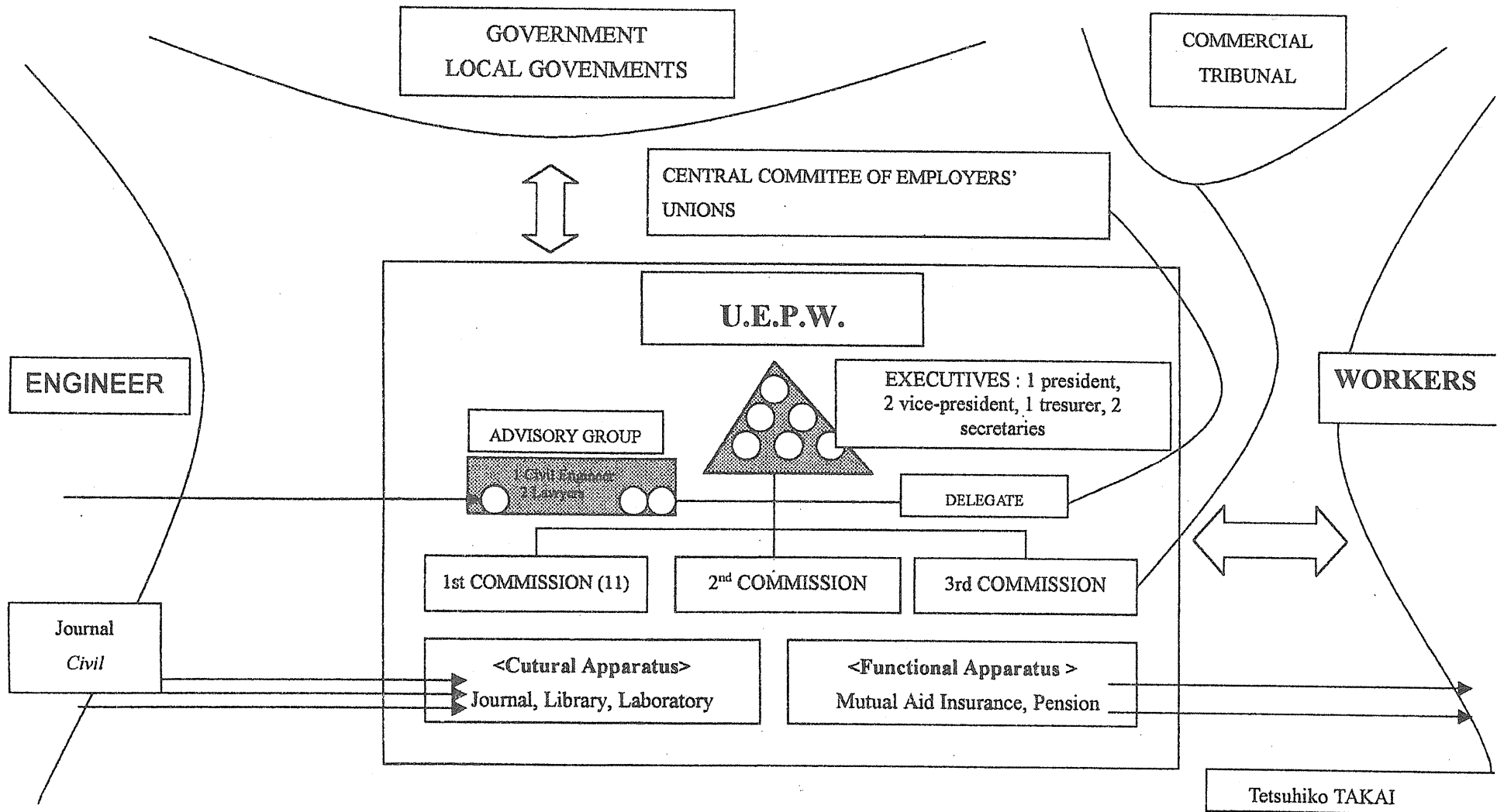
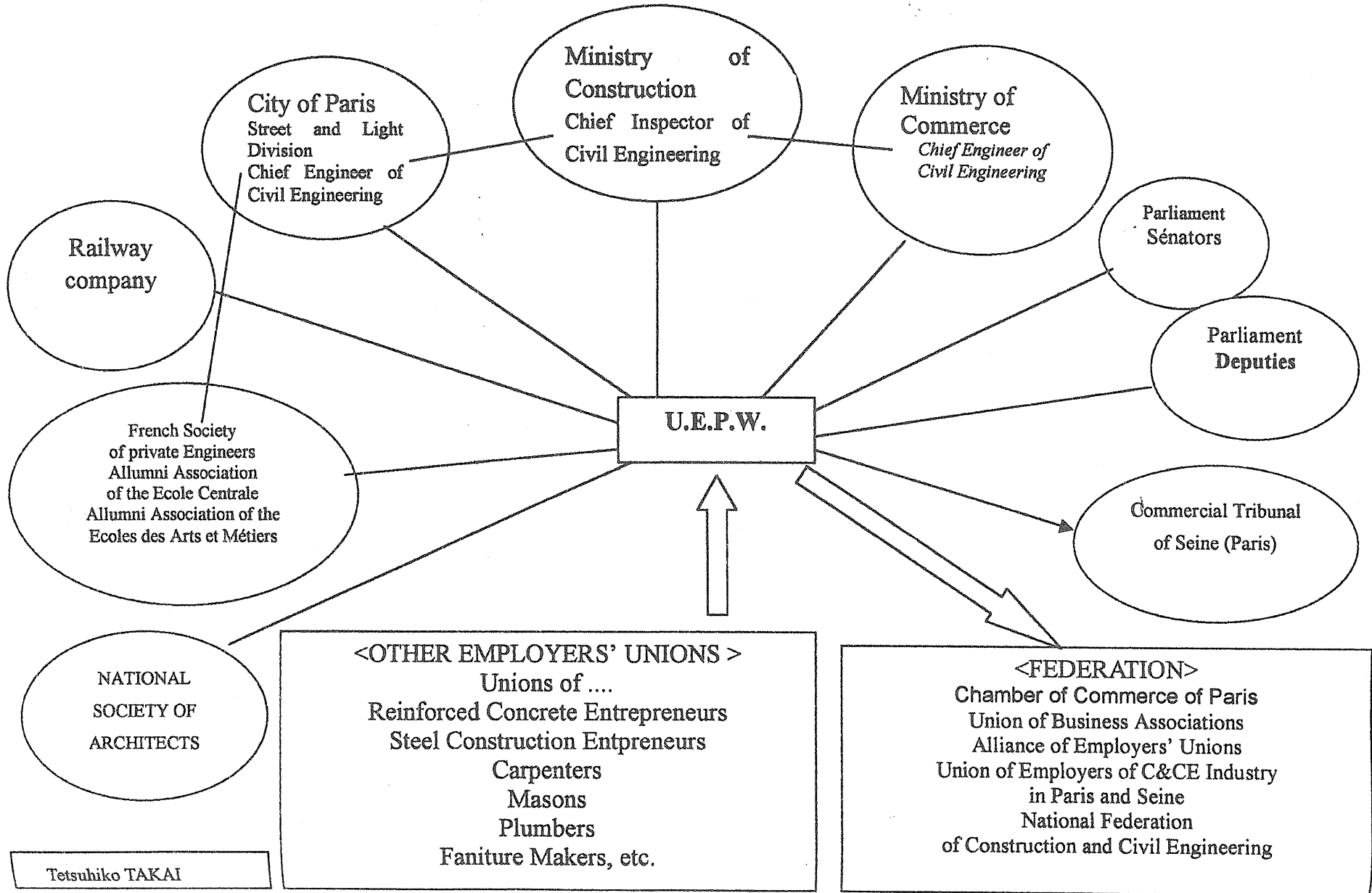


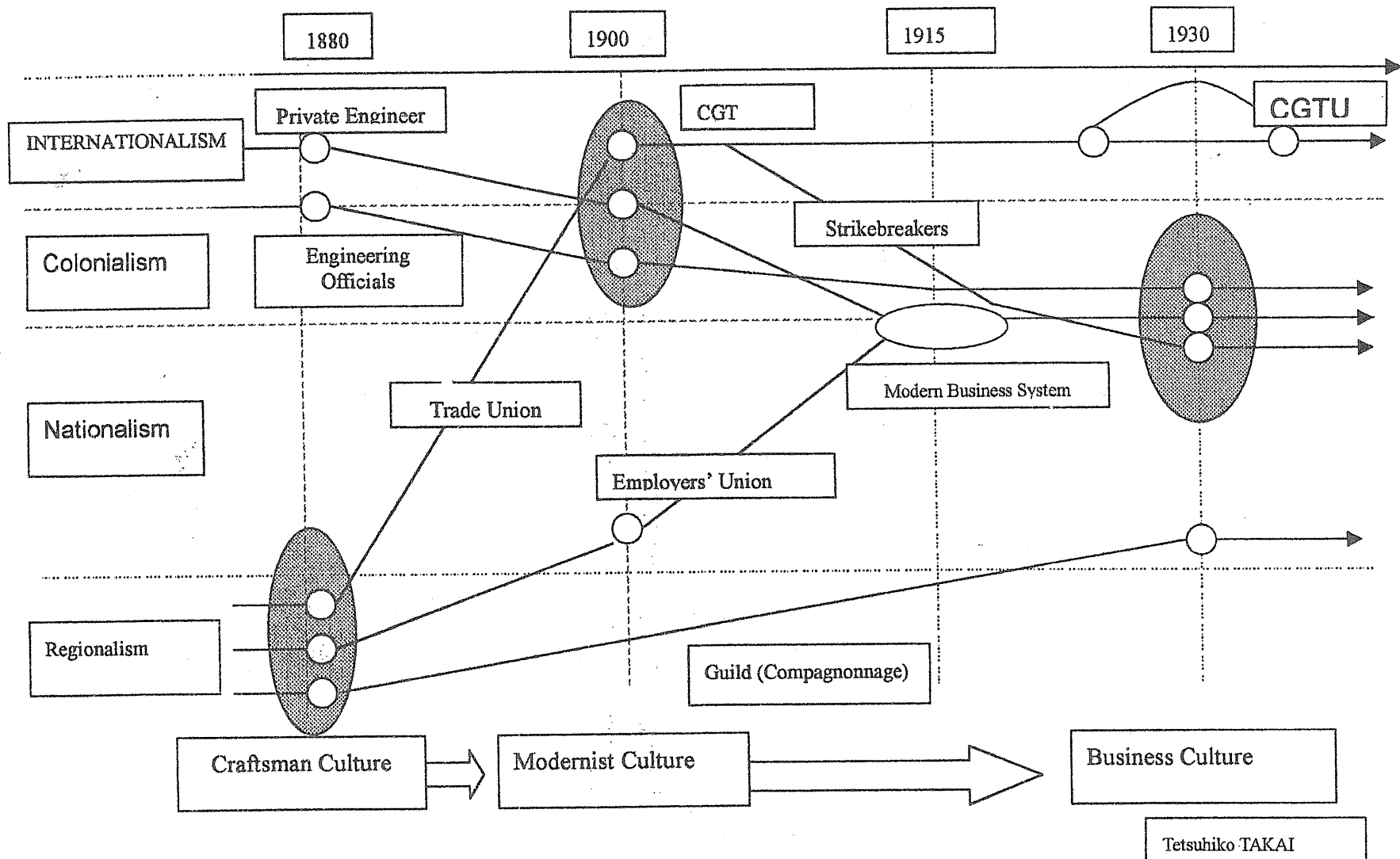
Figure 4 : Networks of the Construction and Civil Engineering Industry

(Source : Banquet of the Union of Entrepreneurs of Public Works, 1890)



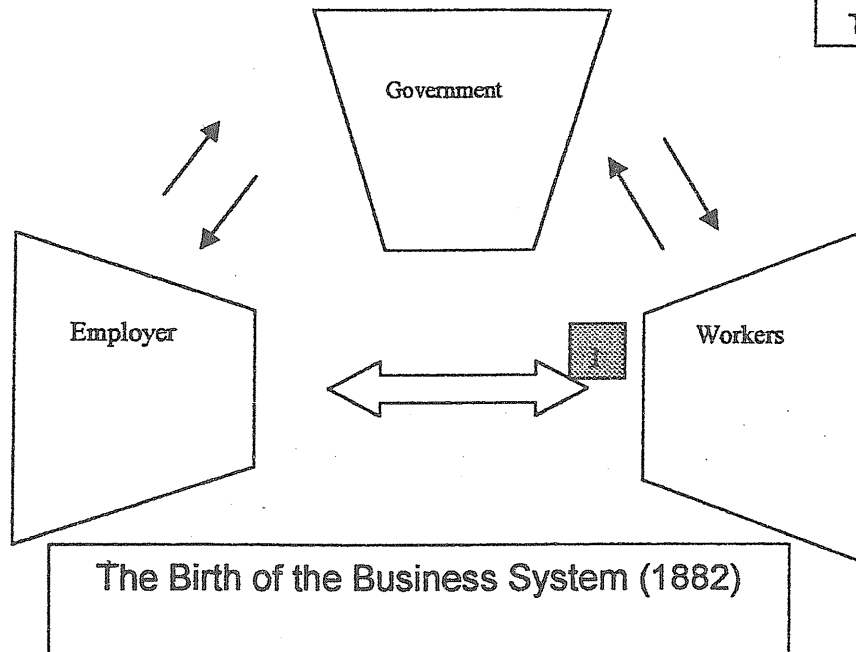
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Figure 5 : Business Culture of the Construction and Civil Engineering Industry



**Figure 6: The formation of Business System
of the Construction and Civil Engineering Industry
in Paris, 1882-1929**

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A: Public Works Council, Parliament; B: Union's Banquet; C: Academic Clique & Parachuting, Alumni Association, Engineers' Association; D: Labour Council
 1: Strike, Collective Bargaining; 2: Professional School & Training Course, Insurance, Pension;
 3: Industrial Tribunal (Conseil de Prud'homme), 4: Strikebreakers' union,

