National Business Associations under Stress: Lessons from the French Case

CORNELIA WOLL

Since its reform in 1998, the national association of French employers and industry, MEDEF, appears to be an example of strong interest organisation. Unlike trade unions, the peak business organisation has been stable and unified, especially in terms of membership density. Through a study of the collective action of businesses in France, this article sheds doubt on such an impression and argues that the national business association has been put severely under stress in recent years. Like all encompassing associations, MEDEF comprises a great variety of interests and constantly has to manage its internal heterogeneity. An analysis of the historical and institutional context of its recent reform demonstrates that MEDEF's forceful media campaign should not be understood as a display of actual strength and coherence; rather it is the last resort of collective action that the association can claim legitimately as its responsibility.

The political representation of private interests in France has changed profoundly in recent years. Traditionally regarded with suspicion, interest groups and lobbying are slowly becoming acknowledged political phenomena. In the context of European integration and globalisation, private actors find more and more access points to the political process and may even circumvent their government on certain issues (Grossman and Saurugger 2004). Yet the French state also actively solicits societal input to policy-making, which has led several authors to speak of a ‘participatory turn’ (Rey et al. 2005; Grossman and Saurugger 2006).

These transformations have affected the place of business interests in French politics. With the breakdown of a statist or dirigiste system (see Wright 1997; Culpepper 2006), the position and political clout of business actors have been bolstered (Schmidt 1996a, 1996b). This analysis seems to be in line with popular impressions about the new strength of the national peak organisation of business interests. Reinventing itself in 1998, the Conseil national du patronat français (CNPF) became the Mouvement des entreprises de France (MEDEF) and launched a public relations campaign that many observers interpreted as the rising dominance of business interests in French public affairs. According to press reports, MEDEF is ‘organising...
a permanent coup d’Etat’, ‘leads the dance’, ‘is in the control tower’.\textsuperscript{1} Trade unions complain about the ‘coalition between MEDEF and the government’.\textsuperscript{2} Seemingly, a part of the population shares this impression: over 10,000 people demonstrated against the influence of the business association during the annual congress of MEDEF in 2002.

The apparent strength of the central French business organisation is surprising in international comparison. As studies of neo-corporatist countries show, business peak associations are profoundly challenged by internationalisation and European integration (Heinisch 2000; Lehmkuhl 2000; Streeck et al. 2006). Struggling to adapt their internal structures to these new challenges, the organisation of business and employer interests everywhere moves from corporatist representation to more pluralist arrangements. Arguably, France has never really been a truly neo-corporatist country, so why should these challenges affect its peak organisation as much as in other countries?\textsuperscript{3} Indeed, the membership density of CNPF, traditionally one of the highest in Europe, has barely moved between 1986 and 1996 (Traxler 2006: 100).\textsuperscript{4}

Is France an exception then, where recent political and economic evolutions have in fact reinforced the role of the central business associations? Contrary to popular impression in France, this article argues that it is not the case. Recent transformations have indeed favoured the role of large firms in policy-making (Schmidt 1996a; Hancké 2002), but they have also put severe stress on the encompassing business associations at the national level. The recent reform of MEDEF and the public relations campaign that followed should therefore not be mistaken as a demonstration of force. Rather, they were the reaction to a crisis that the organisation had been facing in the late 1980s and the 1990s. Like all peak associations, the CNPF constantly has to manage its internal interest heterogeneity and only succeeds in unifying its members when it is facing external threats (Streeck 1991; see also Olson 1993). The activities of such associations therefore need to be explained not only by the pursuit of political influence, but also by the need to manage their internal cohesion. Schmitter and Streeck (1999) have called these two motivations, ‘the logic of influence’ and ‘the logic of membership’.

By situating MEDEF’s recent reform in its historical context and by showing the heterogeneity of the political representation of French firms, the article suggests that the turn to a more aggressive public relations strategy was the last resort for an organisation that otherwise would have been incapable of unifying its diverse constitutive interests. It could even be even argued that de-unionisation in France was paralleled by a similar crisis in the political mobilisation of business representatives, even though the two are difficult to compare. In an effort to counter this collective action crisis, the peak organisation had to move away from collective political action on behalf of all firms and turn to a more membership-oriented strategy. Moreover, it had to abandon its previous discrete approach to political
participation and adapt to a more aggressive strategy of public political
deliberation that is characteristic of pluralism (Streeck and Visser 2006: 247).

Despite different starting positions, France is thus no different from its
neo-corporatist counterparts in Scandinavia, the Netherlands or Germany.
Faced with secular changes to its membership base and its political role, the
peak organisation had to distance itself from its former function and
develop into a business lobby capable of speaking in the name of French
firms. When evaluating the changing role of business interests in French
politics, one therefore needs to distinguish between individual firms and
encompassing associations. Throughout Europe, firms have developed a
more active political role, but the position of the national peak organisation
has been put under stress in the last 20 years, even in countries that had only
weak neo-corporatist structures.5

In order to analyse the difficult organisation of business interests in
France, this paper begins with the question: how is the collective action of
firms possible? Understanding the historical reasons for founding a French
business confederation helps us to understand the challenges that led to
the 1998 reform. From a historical perspective, the first section shows that
the organisation of firms and employers at the national level arose only
in response to common attacks and is weakened every time these external
threats disappear. The landscape of French business representation
continues to be fragmented, as the second section shows. This fragmentation
helps to explain the crisis of business representation in the late 1980s and the
1990s. Horizontal and vertical competition between groups and federations
constantly puts stress on the central administration. Since information
about internal tensions is not easily available, the third section discusses the
difficulties of organising coherent collective action through the prism of
electoral participation and provides a brief analysis of the evolution of social
dialogue in France. The final section returns to the study of MEDEF and
analyses its recent reform. By connecting the difficulties of business
representation in France in general to the reform of its central organisation,
the article cautions that a strategy dictated by the requirements of its
membership base should not be confused with proof of political influence.
The conclusion highlights the comparative lessons of this country study.

The *Raisons d’être* of French Business Associations

This article focuses on the collective action of French firms through business
associations.6 With the exception of several excellent historical studies
(Villey 1923; Ehrmann 1957; Bunel and Saglio 1979; Weber 1986; Garrigues
2002), there are few analyses of French business associations, especially
when compared with the wealth of studies on the French trade unions. In
particular, we know little about the ways in which encompassing
organisations in France manage the interests of all the different types of
French firms. What unites firms of different sizes, sectors or regions?
The answer is much less evident than the stereotypes associated with the patronat suggest (for further discussion see Cohen 1988; Marin 1988).

Certainly, the existence of an encompassing organisation of French firms is a historical fact. The central organisation, MEDEF, represents almost two-thirds of French firms today. This is a quite unified front compared to the trade union movement, which is divided into five representative unions at the national level and a handful of independent unions. Still, it was not the desire to express a common national interest that led French firms to build this association. Rather, it was created in response to two external threats: state interventionism and the trade union movement. Without several important crises caused by these two forces, firms and employers would have never mobilised collectively. The history of French business associations is therefore a stop-and-go evolution that is, above all, reactive to forces coming from its external environment. At least four founding periods have led to the formation of the association we know today (for further information, see Priouret 1963; Lefranc 1976; Weber 1986).

**Historical Origins**

Initially, French firms united in order to oppose the free trade policies of the French state between 1835 and 1860. After several smaller associations, the first interprofessional association, the *Association pour la Défense du Travail National*, was founded in 1846 to fight for the exclusion of foreign products at the World Fair in Paris, which it achieved in 1849. Simultaneously, 11 professions belonging to the construction sector formed the *Groupe de la Sainte-Chapelle* in 1848, followed ten years later by a competing *Union nationale du commerce et de l'industrie*. The opposition between different professions and branches thus accelerated the formation of different groups.

A second impulse came at the turn of the century: the trade union movement. In 1884, the Waldeck-Rousseau law affirmed the right to form a trade union, both for workers and employers, which had been illegal, with brief exceptions, since the French Revolution. The unionisation that followed was paralleled by the growth of business associations, but mostly at the regional and sectoral level. A real soar followed the emergence of the radical trade union movement and the mass strikes that shook several European countries in 1905. By founding the *Conseils du Travail*, the French government obliged employers and trade unionists to meet and work on social issues (Olszak 1995). Feeling the need to get organised, the *Comité des Forges* founded the *Union des Industries Métallurgiques et Minières* (UIMM) in 1901, which was to become one of the pillars of the employers’ movement. Specialising in industrial relations, the association most notably organised a mutual fund which compensated members in the case of strikes.

Between 1914 and 1918, a third impulse came directly from the interventionism of the French state. World War I led to a *dirigisme de guerre*, for which the government needed to institute a dialogue with the
economic actors. At the same time, the government became more and more involved in industrial relations, above all with the law on collective negotiations in June 1919 which increased the political power of trade unions. In reaction to these events and at the suggestion of the French government, firms and employers reinforced their representative institutions. In 1919, the *Confédération Générale de la Production Française* (CGPF) was founded at the initiative of the minister of industry and commerce, Etienne Clémentel, to speak for 21 sectoral federations of some 1,200 professional associations. The CGPF benefited from the exclusive recognition of the French state and became the national representation for French firms. However, the CGPF proved to be merely a façade rather than a real organisation of French firms. On several occasions, it was not even capable of producing reliable statistics on its members because all of them feared that giving out information on their activities would ruin their competitive positions (Ehrmann 1957; Weber 1986: 73).

This hollowness was partially filled in a final organisational wave between 1936 and 1946, when French firms had to face the government of the *Front populaire* and the corporatism under Vichy. June 1936 was a cataclysmic moment for the business leaders in France (Kolboom 1986). The election victory of the socialist government of Léon Blum coincided with the first general strike that paralysed production in all factories in the country. While most employers’ associations refused negotiations, certain employers started making concessions to the workers’ movement. The *patronat* was finally obliged to review its strategy and ended up signing the Matignon Agreement with the *Confédération Générale du Travail* (CGT) on 7 June. The agreement put the entire employers’ representation into question. Business leaders outraged by the willingness of the CGPF to negotiate with the CGT faced others who felt humiliated by the lack of coordination and reliable statistics about the extent of the strike and the working conditions in individual factories (Ehrmann 1957: 6–7). Obliged to participate more seriously in tripartite negotiations, the CGPF took over responsibility for industrial negotiations from the UIMM and started to rethink its organisation.

Paradoxically, however, it was the dissolution of the confederations under the Vichy government that had an important effect on the internal reorganisation. On 16 August 1940, the government replaced the CGPF with *Comités d’organisation* (CO) organised by sector. Membership and the implementation of the CO’s directive became mandatory. During this period, French firms got used to paying financial contributions, distributing statistical information and cooperating with government representatives. The semi-public status of the COs also allowed the establishment of administration and management procedures. Despite the dissolution of the COs after 1945, these formal elements survived the Vichy period, which explains the internal organisation of business associations in the postwar period. The years immediately following the war were a very dark time for
French firms. They were accused of having collaborated with the occupation. Then, in 1946, the socialists and the communists won the election of the Assemblée Constituante and nationalised certain infrastructural sectors. As it reorganised itself, French business not only had to come to terms with the past, but also had to learn from the lessons of 1936. These ambitions led to the Conseil National du Patronat Français (CNPF) on 12 June 1946.

*Instability Punctuated by Moments of Coherence*

The history of the collective action of French firms and employers shows that their mobilisation was only possible through resistance to state interventionism and the trade union movement. Moreover, the associational and administrative structures after the war, especially at the highest level, are much more the result of state activism than an organic development of common interests. In fact, the interests of firms and employers are far more specific, sometimes ephemeral and often contradictory; they do not easily produce a general direction for political activities.

The national organisation was able to regroup and overcome the inadequacies of its collective action only when it was defending itself. Following its creation in 1919, the CGPF reformed itself for the first time after the defeat in 1936, responding also to increasing tensions between large, small and medium-sized firms (SME): It became the Confédération Générale du Patronat Français, replacing the P in ‘production’ with the P in ‘patronat’. Later on, the strikes in 1968 raised doubts about the conservatism of the CNPF. A subsequent reform in October 1969 aimed to centralise its authority and set up a new internal structure. The transition from the CNPF to MEDEF in 1998 followed the same logic. Having been defeated on the issue of the 35-hour working week, the association gathered momentum for another internal reform: it changed its name and logo and developed a new political strategy.

Even though the confederation blossomed to full legitimacy during these specific historical moments, the collective action of firms outside of these defensive phases is largely characterised by heterogeneity, i.e. a high number of professional or local associations and their autonomy from central decision-making. Against this background, ‘the elimination of conflicts [happens] through organizational fragmentation’ (Streeck 1991: 179). Indeed, managing their diversity is a real challenge for the collective action of French firms (cf. Culpepper: 133–49).

*Diversity and Tensions in the Political Representation*

In their comparative study of business associations, Schmitter and Streeck (1999) show that this challenge applies to the political activities of firms everywhere. The success and coherence of business associations therefore
depends on the services they can provide to their members and the looseness of centralised coordination. The French organisational landscape is particularly redundant due to the ambiguous institutionalisation of the peak organisations; recognised as representative confederations, the horizontal organisations have never been as powerful as some of their counterparts abroad. A consequence of the lack of stable relations is that many organisations acquire similar competences and then overlap or compete with each other.

At the national level, not just one but several confederations represent French firms and employers. Besides MEDEF, there are the small and medium-sized enterprises Confédération Générale des Petites et Moyennes Entreprises (CGPME), the crafts confederation Union Professionnelle Artisanale (UPA), the union of liberal professions Union Nationale des Professions Libérales (UNAPL) and the agricultural confederation Fédération Nationale des Syndicats d'Exploits Agricoles (FNSEA). These voluntary associations coexist with the Chambers of Commerce and Industry (CCI), where affiliation is mandatory. The Assemblée des Chambres Française de Commerce et d'Industrie (ACFCI) and the Assemblée Permanente des Chambres des Métiers (APCM) are the peak organisations of the chambers of commerce structure. In contrast to these mandatory forums, the voluntary associations depend upon the recognition of the French state for their political legitimacy. Only representative organisations, such as MEDEF, CGPME, UPA and since 1997 the UNAPL, have the right to participate in collective negotiations. In other words, no single organisation can speak for all of the firms or employers in France.

Axes of Tension

The interests of French firms differentiate along several axes, which creates a certain amount of tension underneath the highest level of representation. To begin with, MEDEF, CGPME and UPA do not represent actual people. As confederations assembling professional unions or federations, the indirect members of the peak associations are firms, not company directors. Even though the business leaders are the ones who represent their firms in the committees of the confederation, the interest of a firm is not always equivalent to the interest of its chief executive officer or its owner. Therefore, several associations have formed explicitly to represent particular groups of actual business leaders, such as the Association of Women Entrepreneurs (Association des Femmes Chefs d’Entreprises – FCE), the Centre for Young Entrepreneurs (Centre des Jeunes Dirigeants – CJDES) and the Christian Entrepreneurs (Entrepreneurs et Dirigeants Chrétiens – EDC). The tension between individuals and firms is thus a first line of differentiation of these actors’ political representation.

A second and more important axis of tension comes from the different sizes and types of firms. Since federations are structured around sectors of
activity, professions or regions, representatives working in the committees of MEDEF speak for the automobile industry, for example, or for the Northern region, but not for the group of firms of their size or type. This was already a problem in the interwar period and explains the creation of the CGPME in 1944, the UPA in 1975 and the UNAPL in 1977. However, it is wrong to assume that these new organisations represent the smaller firms and MEDEF the large ones. According to MEDEF’s website, 70% of the firms it represents have less than 50 employees. It is true that big companies have more weight than small companies, but even the most important ones have to reconcile their interests with the general interests of their sector or region in order to have a lasting influence in the internal decision-making. For these reasons, large firms founded the Association des Grandes Entreprises Françaises (AGREF) in 1967, which turned into the Association Française des Entreprises Privées (AFEP-AGREF) in 1981 after the nationalisation of certain industries under the socialist government. Unlike the other confederations for different sized firms, the AFEP is not a representative organisation, but rather a corporate think-tank like the Entreprises de Taille Humaine, Indépendante et de Croissance (ETHIC), the Institut de l’Entreprise, the Institut Montaigne or Entreprise et Progrès.

None of the associations based on size has a monopoly on the representation of different segments of the French business landscape. On the contrary, many of their competences and even their representatives overlap. Since the ambition of MEDEF is to represent all French firms, it has had a working group of SMEs for a long time. As a consequence, double and even triple representation is quite common. It is difficult to find accurate figures, but one estimation suggests that 60% of the members of the CGPME are also affiliated to MEDEF.

These two axes of tension are still less important than the complexity of the federal structure and, with it, the competition between different sectors and the redundancy of professional and regional membership. Even professional representation is sometimes problematic. Based on a diverse list of criteria – e.g. materials used, techniques, phases of the product cycles, final products – different professional trade associations often overlap. Sometimes, their competences are so close that two associations are in direct competition. To cite an example, the Union Nationale des Entreprises de Travail Temporaire and the Syndicat des Professionnels du Travail Temporaire compete for members and the representation of temporary workers within MEDEF (Bunel 1997a: 9). Furthermore, the representation of French firms is also divided into horizontal regional associations, like the Association des Producteurs des Alpes Françaises. These regional associations exist at the level of cities, départements, regions and other territorial units, again often with considerable overlap. They are not only assembled into one or several federations at a higher regional level, but also into subdivisions of MEDEF, the so-called MEDEF territoriaux.
A Complex Universe of Representation

A single firm is thus quite often affiliated to its primary craft association, a horizontal regional association and its local chamber of commerce, which are in turn members of sectoral associations, territorial federations and the confederation of CCIs. At the lowest level, one can find powerful trade associations or almost inactive groupings of firms. Furthermore, the territorial representation of MEDEF and the CGPME might co-exist, divide its work or merge, as they have done in the Midi-Pyrénées region. The structure of any of the peak associations is therefore quite complex and far from rational. Although the different levels are loosely linked, the sectoral and regional associations jealously guard their autonomy with respect to political statements and to membership fees, which can sometimes be quite uneven (Bunel 1997a: 13).

Any detailed examination of the political representation of French firms quickly reveals its complexity, simplified schematically in Figure 1. In addition to this, there are ideological differences in different historical contexts, such as free trade, competition policy and the social role of employers.

The perceived unity of French business is not a natural occurrence and is not due a perceived facility of capitalist interests to organise more easily than labour (Offé and Wiesenthal 1980); it is the result of a political process. Inside MEDEF, certain groups have been able to establish hegemonic positions, like UIMM, which has played an essential role in social policy since the beginning. In fact, the CNPF has never elected a president who did not have the support of the metal industry.12 Between the different federations, battles and compromises have helped to establish an informal order for political activities. A former president of CGPME explains that his role is simply to ‘assure behind the scenes that MEDEF integrates the position of CGPME into its discussion with the trade unions and the government’ (quoted in Saurugger forthcoming: 13). This informal order gives some coherence to the collective action of French business, but heterogeneity, competition, redundancy and coordination difficulties constantly threaten the apparent unity.

French Business Representation in Crisis

The historical origins and structure of business representation in France show that its collective action is a fragile process. Due to the multiple tensions described in the previous section, coherence only arises after periods where external developments have raised doubt about the performance of the peak organisation. Traditionally, these external shocks came from state interventionism or the labour movement. Outside of these specific conjunctures, the stickiness of institutional forms might give the impression that French firms are well organised, but care should be taken not to assume that this appearance implies political impact.
FIGURE 1
THE UNIVERSE OF POLITICAL REPRESENTATION OF FRENCH FIRMS
Yet if French firms need external threats to reinforce their unity, what are the effects of de-unionisation and the retreat of the French state from a number of economic domains formerly under its control? If free enterprise and the requirements of the markets become accepted societal values, do the peak organisations not lose their principal justification? Indeed, in the mid-1990s, many observers agreed that the political representation of firms was undergoing a crisis (quoted in Dubois 1999). The studies by Jean Bunel (1995, 1997a, 1997b) are some of the rare and precious attempts to evaluate the force of this collective action over time. He shows that the central coordination of political activities has indeed been in decline since the 1970s. After all, one of the main functions of the peak organisations CNPF/MEDEF, CGPME, UPA and UNAPL is to represent their members in bipartite or tripartite forums. As the most encompassing organisation, MEDEF (and before it CNPF) obtained its fullest legitimacy from the co-administration of such neo-corporatist institutions. However, most neo-corporatist elements have been viewed sceptically over the last 25 years by business leaders. Can we then speak of a crisis comparable to the one the trade union movement has been going through? And if there was a crisis, has the reform of the CNPF succeeded in overcoming it? In order to evaluate the causes and the effects of the transition from the CNPF to MEDEF, it is necessary to study the evolution of collective action by French firms.

Lack of Membership Data

Unfortunately, a statistical comparison between the two evolutions is difficult, since gathering data about business membership poses several challenges (but see Traxler 2000, 2006). Most importantly, the number of affiliations does not really measure the degree to which firms support their political associations. This is due, first of all, to the fact that membership of firms is often indirect: Firms are members only of their immediate professional or local associations, which are then federated into the different levels of the peak organisations. Yet, although the members of MEDEF are actually federations themselves, the services MEDEF offers are aimed at firms. If these firms were no longer content with the services or the performance of the peak organisation, they would need to disaffiliate as an entire sector or region, which is often difficult. Second, the multiple affiliations of associations and individual firms make it impossible to figure out overall support or political activity based on the membership statistics. Third, the affiliation of firms often does not only result from general interest or support, but also from the services the association offers to its members, as we will see further on.

In sum, we do not have meaningful membership statistics. Information about disputes or tensions between federations and the peak organisation are also not easily available, as they are most often handled discreetly. Thus
being unable to study corporate de-unionisation or internal coordination directly, we have had to rely on alternative indicators about the evolution of the collective action of French firms. Following the work of Jean Bunel, this article examines the degree to which entrepreneurs participate in the election of their representatives in two political institutions: the Chambers of Commerce and the work tribunals, the *Conseil des Prud’hommes*. A brief examination of collective negotiation shows that falling electoral participation corresponds to a decentralisation of collective decision-making in industrial relations.

**Electoral Participation**

Entrepreneurs vote on a regular basis for their representatives in two forums: the Chambers of Commerce (CCI) and the *Conseils de Prud’hommes*. The CCIs are mandatory chambers of representation with two principal functions: to act as the interface between the firms and the French state in several consultative organs such as the *Conseil Economique et Social*, and to promote and support business activities in France and abroad by offering services, educational opportunities and expertise (see Andolfatto 2000). At present, there are 155 local CCIs and 20 regional CCIs in France. The *Conseils de Prud’hommes* are public tribunals charged with resolving disputes between employers and employees over their work contracts. The *conseillers prud’hommes* are people from different sectors and regions who represent either employers or employees depending on their own background. These bipartite work tribunals are unusual judicial institutions since the judges are elected every five years. Today, 14,610 *conseillers prud’hommes* sit in the 271 work tribunals in France.

The drop in electoral participation for both institutions since the 1970s is striking (Figure 2). From 1979 to 1997, participation in work tribunal elections decreased from 50% to 21%. After levels of 40% in the 1970s, participation in the CCI elections dropped to about 20% between 1988 and 2000: one in five voters abstained.

How should this low voter turnout be interpreted? With respect to the work tribunals, the drop in employer participation corresponds to worker participation. After a high level of over 63% in 1979 and 59% in 1982, the percentage dropped by almost half in the following 15 years: 34% of employees participated in 1997 and 33% in 2002. Does employer participation simply align? It is indeed difficult to understand why employers should mobilise for bipartite work tribunals that no longer even interest employees, despite the fact that the large majority of cases are decided in favour of the workers. But what explains the fact that employer participation rose again to almost 27% in 2002, while employee participation continued to drop? The same surge of mobilisation happened in the CCI elections, where participation climbed to 26% in 2004. Part of this increase might be due to the fact that the 2004 CCI vote was the first election where
employers could participate by ‘e-vote’. Still, the simultaneous reversal of the two participation declines is striking.

Inversely, we could also ask why participation was so high in the 1970s, especially for the CCIs where participation was rarely high. Before the Second World War, and then between the 1950s and 1970s, participation was at around 20%, as it was in the 1990s. Only in the 1960s did it rise and oscillate between 33% and 40%.\textsuperscript{13} It thus seems more important to explain the rise of electoral participation in the 1970s and in 2004 than the weak mobilisation during the other periods. Bunel (1995: 78) suggests:

\begin{quote}
Few entrepreneurs vote regularly because the democratic dimension of these institutions is not evident to them; just as the majority of shareholders do not participate in the general assembly of a joint stock company. However, these elections become important to them when they feel threatened.
\end{quote}

The analysis of electoral participation thus confirms the hypothesis that collective action suffers when firms and entrepreneurs do not feel threatened. Their general unease was strong in the years between 1968 and the election of

\begin{figure}
\centering
\caption{Electoral Participation of Entrepreneurs (\%)}
\includegraphics[width=\textwidth]{figure2.png}
\begin{flushleft}
Source: Assembled by the author based on data provided by the ACFCI, the French Ministry of Social Affairs, Bunel (1995) and Andolfatto (1993).
\end{flushleft}
\end{figure}
François Mitterrand in 1981. After the U-turn of the socialist government in 1983, the decline of the labour movement and the fall of communism, employer unity fell steadily and contributed to a sense of crisis in the peak organisation CNPF in the mid-1990s. The periods that followed the reform of CNPF in 1969 and the transition from CNPF to MEDEF in 1998 were in turn characterised by reinforced electoral participation. Whether the reforms of the peak organisation have a positive effect on electoral participation or whether the two phenomena are parallel reactions to a sense of crisis is difficult to say. In either case, electoral mobilisation increases.

The Transformation of Industrial Relations

The mobilisation of the entrepreneurs is not the only indication of a change in their collective actions. It is also necessary to look at the role and function of the peak associations. According to a survey in 1994, only 21% of firm representatives think that the CNPF should be a real employers’ association that defends the interests of business owners and employers. Seemingly, the old neo-corporatist functions of the peak organisation have lost legitimacy in the eyes of the entrepreneurs.

Indeed, a superficial glance at the complex history of industrial relations in France indicates that the role of the peak organisation in collective negotiations might also be changing (Lallement 2006). Over the last 25 years, CNPF/MEDEF has sought to disengage from bipartite institutions and collective negotiations at the national level and pursue a decentralisation of industrial relations. Collective negotiations at the national level have existed since the Matignon Agreement in 1936. Since then, the representative employers’ organisation and the trade unions have had two functions at the macro-level. First, they can engage in collective negotiations, often introduced by the government, and, second, they jointly administer a series of bipartite institutions on issues such as unemployment, social security, and pensions, for example the Association pour l’Emploi Industriel et Commercial (ASEDIC), the Union Nationale pour l’Emploi dans l’Industrie et le Commerce (UNEDIC) the Agence Centrale des Organismes de Sécurité Sociale (ACOSS) or the Union des Caisses Nationales de Sécurité Sociale (UCANSS). At least since the 1990s, these two functions have been severely criticised by French business leaders as ‘hollow tripartism’. The proposal for selective disengagement was passed by 95% of the business representatives assembled by MEDEF after its reform and implemented in the following years: MEDEF withdrew from UCANSS in 2000, threatened to leave UNEDIC and withdrew from ACOSS and the CGPME in 2001.

Compared with other European countries, collective negotiations never played a very important role in France, even though they have attained some of the highest coverage rates in the OECD – up to 92% in 1985 – due to governments’ capacity to extend and enlarge sectoral agreements (Van Ruysseveldt and Visser 1996). Crucial issues often move from the
bargaining level to the political arena. Therefore, it is difficult to evaluate the evolution of collective negotiations by looking at the pure number of agreements. In fact, the actual number of agreements has not changed: About 30 are signed every year (Ministère de l’emploi du travail et de la cohésion sociale 2004: 18). At the sectoral level, the number of collective agreements is equally stable, but it is questionable whether the number of agreements reflects their importance. In contrast, the negotiations at the firm level have exploded over the last 20 years. Before the 1980s, few firms even conducted individual negotiations (Saurugger forthcoming: 7). As a result of European integration, the declining importance of national negotiations and new legislation, the number of firm-level agreements increased radically: from 1,955 in 1983 to an average of about 10,000 per year in the late 1990s and again after 2003.

At a more qualitative level, Lallement (2006) notes the transformation of collective bargaining away from encompassing regulation towards more contractual agreements, which provide important leverage for adjustment to the firms. A significant change in this context was the interprofessional agreement on contractual policy from October 1995, which reversed the hierarchy between sectoral and company-level agreements. While firms were previously allowed to make adjustments to sectoral agreements only if these were provided beforehand, sectoral agreements now applied to firms only where local negotiations had failed. In line with these developments, MEDEF made the continued decentralisation of collective negotiations one of its principal objectives, which eventually led to an agreement between the social partners in 2001 and then to a proposed bill of a reformed social dialogue in 2003 (Lallement and Mériaux 2003).

The transformation of French firms’ collective action in the last quarter of the twentieth century indicates that centralised activities are being called into question. Traditionally, the CNPF played an important role in state-led institutions. After all, we have seen that it was the French government which initiated the creation of the CGPF, which was watched suspiciously by the sectoral federations. After the Second World War, the CNPF became the bridgehead between the interests of French firms and employers, and the state and trade unions. Through this representative function, the CNPF was able to give the impression of business unity. After the internationalisation of markets, however, this bridgehead function of peak business associations disappeared in most countries during the 1980s and the 1990s (Streeck and Visser 2006). Without the threat of state intervention or trade union strength, the different corporate interest groups in France have retreated to their own particular interests and focused on their competition with one another. The survey results, the radical drop in electoral participation and the desire to decentralise collective negotiations indicate that the few remaining neo-corporatist elements were rapidly losing legitimacy at the end of the twentieth century. In France, this cast doubt on the need for central coordination of diverse business interests through the CNPF/MEDEF.
The Reform of MEDEF: Display of Strength or Crisis Management?

An examination of the history of French business representation, the diversity of its institutional forms and interests and its evolution since the 1970s stresses the fact that the reform from the CNPF to MEDEF has to be understood as a response to a sense of crisis. Above all, the main stake in this reinvention was the management of its internal heterogeneity. The political context facilitated MEDEF’s tackling its internal reform. However, the fact that MEDEF succeeded in giving the impression that corporate France spoke with one voice is not the result of a change in the nature of collective action of French firms, but rather of the political drive inside the organisation and a concerted effort to change its image. In order to respond to new challenges and apply what it had learned from its political weakness in the 1990s, MEDEF followed two objectives in its reform: the decentralisation of collective action and the reinforcement of its communication strategy. With this strategy, the new president Ernest-Antoine Seillière and his vice-president Denis Kessler took up one of the central ideas of an internal report on the future of the peak organisation written in 1997. In order to re-establish its authority in the eyes of French firms, the organisation was to renounce ‘all artificial forms of legitimacy’, such as collective negotiations or the administration of bipartite institutions dictated by legal obligation, and to focus on developing ‘influence leadership’ (Scherrer 1997). The peak organisation no longer wanted to act continuously on behalf of its members, a goal which previously paralysed the organisation. Instead, it was trying to become the place where general guidelines were elaborated and agreed upon, and where these guidelines were then communicated to the government and the general public.

The Logic of Membership: Decentralisation and Service Provision

The decentralisation of collective action started long before 1998, but continues to play an important role in the new orientation of MEDEF. After a period of ‘great contractual policies’ under François Ceyrac, who was first head of the Social Commission and then president of the CNPF from 1972 to 1981, the peak organisation tried to move away from encompassing negotiations on behalf of its members (Seillière 2005: 50). In the words of Schmitter and Streeck (1999), the peak organisation shifted its emphasis away from the logic of influence towards the logic of membership. Instead of trying to influence governmental decisions and trade unions, it concentrated increasingly on the services it had to offer to its members. Bunel notes that ‘the member has turned into a client’. In his interviews, business representatives confirm that ‘entrepreneurs decide to join only because the organisation can offer a return on their membership fees’. Put differently, ‘there are no militant entrepreneurs anymore. Business leaders join to get services’ (Bunel 1995: 88).
What are these services? According to several business representatives, one of the principal reasons to become a member of business associations is the insurance regimes that members can benefit from: the garantie sociale des dirigeants, an unemployment insurance for CEOs financed through membership fees, but also an insurance that facilitates the transferral of firms or property and reduces the taxes to be paid on such transactions (Coulouarn 2004: 6). Furthermore, MEDEF provides a long list of consulting services and educational programmes in areas such as administrative and fiscal management. It also serves as a clearing house for information that is useful to entrepreneurs. Its large regional and sectoral network helps firms invest or broaden their operations in different parts of the country. Created in 1989, MEDEF International extends this service abroad and provides support and advice to French firms doing business in foreign countries. A number of events, meetings, newsletters, online publications and recently also 'MEDEF TV' help to inform members about MEDEF’s services.

This service orientation emerged once the CNPF realised that it could no longer be just the interface of French business with the state and the trade union movement. In his speech to the General Assembly in 1987, François Périgot (quoted in Bunel 1995: 130), a former president of the CNPF, addressed those who wondered about the future of the CNPF in an economy that is less and less administered by the state and more and more liberated. Our political mission must be adapted to reflect the relocation of decision-making centres, and our organisation needs to seek involvement at the new levels of authority where the destiny of our firms is increasingly being decided upon: Europe and the regions.

Indeed, the CNPF became very active in European and international affairs with the creation of CNPF International and later with the help of its Brussels office and the leadership of François Périgot, who was to become president of the European peak association Union des Industries de la Communauté Européenne (UNICE) from 1994 to 1998.

Reviving regional activities turned out to be more difficult, because it is not exactly clear how a comprehensive organisation can decentralise its activities without losing its function entirely. Still, the will to act less on fundamental questions on behalf of its members continued, and decentralisation advanced incrementally. Back in 1969, the reform of the CNPF pursued the goal of giving greater authority to the peak organisation, enabling it to speak for its members in collective negotiations, with the exception of salaries (Seillière 2005: 49). The failure of negotiations on flexible employment marked the end of the grande politique contractuelle promoted by the CNPF. In late 1978, the CNPF acknowledged the failure of this model and started promoting ‘the competitive administration of
social progress’ (Weber 1986: 296). After this date, the CNPF focused on procedural negotiations at the national level and delegated the bulk of negotiations to the sectoral or firm level. As a consequence, the reform of the CNPF in 1997 followed the opposite objective of the one in 1969. Having been defeated on the issue of the 35-hour working week, the peak organisation emphasised that it was no longer interested in the traditional tripartism at the national level. Newspapers quoted business leaders as having replaced ‘the negotiator’ Jean Gandois with ‘the killer’ Ernest-Antoine Seillière as the president of the CNPF in the election on 16 December 1997.

Under Seillière’s leadership, the CNPF modified its statutes and changed its name and logo at the General Assembly in Strasbourg on 27 October 1998. Declaring that ‘tripartism was no longer adequate’, Seillière promoted leadership based on subsidiarity and communication. General guidelines and grand projects were elaborated at the highest level, but the implementation was in the hands of the sectors and the individual firms, the levels where ‘the most efficient compromise between the imperatives of competition and the aspirations of the workforce can be found’.19 Despite the apparent peak-level activism, MEDEF’s ‘social re-foundation programme’ was mainly a vehicle for decentralising collective negotiations towards the company level (Mériaux forthcoming).

Societal Projects and Communication

Still, the challenge for MEDEF was to go through this process without becoming obsolete. To this end, MEDEF put enormous emphasis on developing large projects and promoting them with a new and ambitious communication strategy. First of all, the transition from the CNPF to MEDEF was primarily the ‘launch of a new brand’ 20 aimed at changing the image of firms as political actors. The new word ‘movement’ was chosen to inspire a new dynamism and ‘enterprise’ as a reminder that the members are firms, which are necessary for the wealth of the country. The words ‘national’ and ‘patronat’ were dropped to get away from a sense of self-centredness, protectionism and class struggle. As a final step in the internal reform, the organisation quite literally renovated its façade and moved into a new building in 2003.

However, the transformation of the organisation did not just revolve around its image; it was first and foremost a change in political strategy. Disappointed by its lack of influence in the state-led social dialogue, MEDEF decided to aim higher. Rather than just giving its opinion when asked, it wanted to take charge of developing its own policy alternatives and socio-economic projects. Through proposing ambitious action plans under the heading of ‘social re-foundation’, MEDEF was trying to become a think-tank which initiated debates on societal issues and even organised a yearly summer university and promotional tour on the value of enterprise in
schools. The action plans covered a diverse set of domains: unemployment, pensions, health, collective negotiations and vocational training, but also more general issues such as sustainable development (Lallement and Mériaux 2003).

The elaboration and promotion of policy alternatives has become essential to the work of MEDEF. This explains why the communication strategy has changed dramatically. Ehrmann (1957: 184) described the traditional ‘passion for anonymity’ of French business leaders, who seemed to be ‘genetically predisposed to thinking that being happy means living in secret’. Indeed, for a long time French business leaders felt that it was necessary to be discreet to have political influence. Certainly this conviction had evolved over time, but it was completely abandoned under the new communication strategy. Unlike other responsibilities with the organisation, communication was under the direct leadership of the president of MEDEF since the reform, which illustrates the importance of the domain. Monthly press conferences were organised and the president started appearing on an impressive number of radio and television shows in the years following his election. The new communication machine and the effort put into publicity had a tremendous impact. In the years following the reform, the presence of MEDEF in the print media was stronger than ever.

Today, the political strategy of MEDEF is to try to affect political decision-making through public opinion, which depends crucially on communication. The election of Laurence Parisot to the presidency of MEDEF in July 2005 is particularly noteworthy in this context. Unlike her predecessors, she did not have a background in the traditional industrial branches; she is the CEO of the Institut Français d’Opinion Publique, a major public opinion polling company. Even the background of its president thus indicates that the French business confederation has put a new emphasis on public communication.

The elaboration and promotion of large projects is a domain it can fill legitimately without questioning its relations with the autonomous subunits of the political representation structure. After all, 77% of entrepreneurs would have liked the organisation to take on this role in 1994, while only 21% encouraged its work as an employers’ association. The reorientation of MEDEF’s strategy is therefore well received by French entrepreneurs. In 1999, 39% felt that MEDEF’s work reflected the reality of French firms, up from only 25% in 1996. The communication strategy complements the selective disengagement from traditional institutions: The empty chair strategy in the tripartite institutions and the abandonment of discreet consultation all work to make MEDEF the deliberative centre of the French patronat. But it is no longer an organisation acting on behalf of French firms in all political and socio-economic contexts.

In summary, the reform of MEDEF needs to be understood in the context of a legitimacy crisis. Paralysed internally by the heterogeneity of French business interests, the organisation replaced its two social and economic
Commissions – forums where many of the tensions crystallised – through nine flexible ‘action and proposition groups’. A decision-making reform abandoned the consensus requirement and replaced it with a majority vote. With a continuing emphasis on service provision and decentralisation, the organisation is now able to act as a deliberative centre that enjoys legitimacy in the eyes of its members.

Conclusion

The goal of this article was to analyse the difficult collective action of a national business association in the last 15 years. Through a detailed investigation of indications such as voting behaviour and industrial relations, it has shown that internal heterogeneity has become particularly stressful for the French peak organisation in the light of internationalisation and the opening up of new political opportunities for its constitutive groups and individual firms. The reinvention of CNPF into MEDEF and its new public relations strategy was a reaction to this crisis and an attempt to transform the organisation into a business lobby focused on the elaboration of grand projects and public opinion.

The French case study highlights that we need to look at the details of an organisation's membership relations if we want to understand the challenges of recent economic and political developments. In his study of membership density, Traxler (2006) shows that the density of the peak employer organisation hardly changed in 20 countries from 1986 to 1996. In fact, France’s CNPF remained one of the densest organisations of the sample. The stability of employer representation is a remarkable finding, since union density displays a comparatively higher decline over the same period. Our case study indicates that the aggregate figures do not tell the complete story. Stability in organisation density notwithstanding, national peak associations for business and employers are under stress comparable to that put on national labour unions. However, the organisational dilemmas of firms do not manifest themselves in membership data as easily as they do for trade unions.

Nation-wide collective action of French business interests is a fragile process: No matter how reinforced it can be in times of adversity, it always threatens to fall apart in the long run. In the 1990s, the collective action of French firms was undergoing a crisis, because the neo-corporatist elements and the old contractual policy had become obsolete. As a consequence, the central peak organisation was no longer needed as a bridgehead between the state, labour representatives and employers. For the time being, the crisis management seems to be working. MEDEF appears as the voice of French firms, and its activities as a demonstration of force. Yet the tensions inside the organisation will continue and one can wonder about the life-span of this new appearance. If MEDEF succeeds in decentralising the collective action of French firms and starts to work only as a lobby for its members, it
will effectively dissolve the principal justifications for a nation-wide confederation of French firms.

Acknowledgements

I would like to thank Dominique Andolfatto, Pepper Colpepper, Michel Goyer, Emilano Grossman, Olivier Mériaux, Jérôme Minonzio, Sabine Saurugger, Wolfgang Streeck, Jörg Teuber and two anonymous reviewers for their helpful suggestions and comments.

Notes


3. Neo-corporatism refers to the inclusion of business associations and workers’ unions in the administration of certain economic and social domains, as well as the hierarchical organisational structures that result from such inclusion. Even though some of these features exist, France has a relatively weak bargaining system and fragmented social partners. For a discussion of corporatism à la française, see Jobert (1996). For further discussion, see Streeck and Kenworthy (2005).

4. Membership density measures the proportion of actual to potential members of the organisation.

5. The present analysis draws on a series of interviews with French business representatives, carried out between January 2001 and July 2005.

6. In France, industrial associations are not separate from employers’ associations. Therefore, when the term ‘business associations’ is used, it refers to employers’ associations as well.

7. Exact numbers are difficult to obtain because firms are affiliated with MEDEF only indirectly through sectoral or regional associations. On its website, MEDEF indicates that it represents about 750,000 French firms. According to the national statistics institute INSEE, there were 1,217,000 French firms with at least one employee in 2003, see http://www.insee.fr

8. CCIs play an economic role and concentrate on providing services to their members, but the ACFCI is also consulted in several political committees and designates the representatives to the Conseil Économique et Social, together with MEDEF and the CGPME.

9. However, on 7 October 1986, CNPF, CGPME, FNSEA, UNAPL and UPA joined forces against the socialist government and formed the Comité de Liaison des Décideurs Économiques (CLIDE). With few exceptions, this forum has been practically invisible over the last 20 years.

10. For more information, see http://www.medef.fr

11. For more information, please refer to the documentation of the Institut des Sciences du Travail of the Université Catholique de Louvain on social organisations in Europe, at http://www.trav.ucl.ac.be/partenaires/default-en.html


13. After 20% from 1920 to 1950, participation rose to about 24% in the 1960s (Andolfatto 1993).
17. Moreover, there is a tax incentive, since membership fees can be deducted from taxable income.
18. Medef TV is not a television channel, but a collection of audio-files on the activities of the peak organisation that can be downloaded from their website: http://www.medef.fr

References


