

**‘WE ARE THE CHAMPIONS’
EUROPEAN ECONOMIC PATRIOTISM IN FRANCE**

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Abstract

Studies of economic patriotism have not paid enough attention to the discursive usage of Europe. Europe is a composite discursive reference and the variation in its salience needs a better understanding. This paper will investigate the discursive references to Europe made by French actors in the economic sphere. More precisely, it aims to study economic patriotic discourse which use Europe as the territory of reference, in case of mergers between French ‘national champions’ and other European competitors. Unexpectedly, despite the historical tendency of the French state to protect its domestic firms from foreign takeover, not only are the French policymakers less willing to intervene, they are also supporting mergers with European competitors by using a European patriotic discourse.

By mapping the public debate surrounding these cases, we explain why the majority of political actors supported these mergers, by using, with more or less emphasis, a European rhetoric. Namely, the main findings of this contribution reveal a strategic, if not an opportunistic usage of a European rhetoric by French policy makers. Europe is referred to as a new *patrie* only when French companies are taken over by other European competitors. To legitimize what might be perceived as a loss, French political actors use a European patriotic discourse, with a special emphasis on the idea of “European champion”. This rhetoric is also strongly linked to the discourse about the rise of a “threatening” China.

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Introduction

Are French patriots likewise European patriots? Spontaneously one would not really associate France with the idea of European patriotism. If the two ideas are not fundamentally contradictory, French patriotism seems to be utterly more important than the otherwise abstract idea of European patriotism. Historically, one remembers the “empty chair crisis” of 1965, when France blocked the operation of the European Economic Community. More recently in 2005, France was the only country with the Netherlands to reject, through a referendum, the project of a European constitution. There are several examples of French reluctance to participate to the European construction in case their own national views are not satisfied.

Yet, references to Europe in French public discourse are not only more frequent, they can also sometimes take priority over national patriotism in specific cases, like in the economic sphere. The most typical example is Airbus, always introduced as the biggest European champion, symbol of a successful European cooperation that needs to be reproduced everywhere else. Of course, when presenting Airbus as the proud European flag carrier, the French public immediately associates it with the French contribution, with most of the planes being assembled in Toulouse.

Contrary to some predictions, nationalism and patriotism did not disappear under globalization and the European integration. In fact, nationalism remained essential in the contemporary world order. Liberal market economy is not simply about the competition of various rational actors looking for maximizing their profit – it is likewise an abstract battlefield where nation-states compete. Facing this fact, scholars have tried to understand the salience of patriotism in the economy.

The study economic patriotism, as promoted by Clift & Woll,¹ stems from a structural contradiction in current liberal democracies: political actors are elected to defend the interests of their citizens located in a specific territory, itself part of a globalized market on which policymakers have less and less means to exercise their power. Yet, political actors still attempt to intervene in the economy to favor their “insiders” as opposed to territorially defined “outsiders”. This very distinction between insider and outsider becomes more complex as different possible patriotic “layers” are intertwined in Europe. Put aside a possible local or

¹ Ben Clift, Cornelia Woll, “Economic patriotism: reinventing control over open markets”, *Journal of European Public Policy* 19, no.3 (2012), 309.

subnational patriotism, the interplay between a strictly national reference and a supranational European reference blurs the lines of economic patriotism. As suggested by Clift & Woll, there might be a ‘rescaling’ of economic patriotism, from a national to a European level.

As part of the scholarship interested in the use of Europe as a new space for economic patriotism, Rosamond has studied the discursive construction of Europe as a possible reference for economic policies, with the role of the EU Commission since the 1980s to frame the idea of a “European economy” and the need to defend it.² Fetzer showed this particular shift among trade-unions at the beginning of the 2000s, when, along with a national sense of belonging, trade-unions of various European countries started to promote their common interests as opposed to the rest of the world.³ Analyzing specific sectors, Hoeffler has showed how EU member-states can use the European level as a new “territory” for economic patriotism, Grant conducted similar researches in regards with agriculture.⁴ All these studies underline the complex dialectic between national and European references, neither of them completely disappears and actors use alternatively these level to maximize their interests.

However, these studies do not pay enough attention to the discursive articulation between a national economic patriotism and a European one. Callaghan & Lagneau-Ymonet, already underlined the necessity to analyze the discursive side of economic patriotism, to understand when it does influence economic policymaking and when it does not.⁵ This study will go one step further by analyzing the specific discursive references to *Europe* in the French case. When is the European framework used as opposed to a purely national framework? Under what conditions is European economic patriotism likely to appear in the public debate? Furthermore, why is the discourse more salient in one case compared to another? This paper comes as an exploratory case study, focused on one European country. The French case provides an interesting environment to study, where the articulation between French and European patriotism is far from being evident.

The salience of European economic patriotism will be analyzed in case of mergers and acquisitions (M&A) involving French and other European firms. The French companies

² Ben Rosamond, “Supranational governance as economic patriotism? The European Union, legitimacy and the reconstruction of state space”, *Journal of European Public Policy* 19, no.3 (2012).

³ Thomas Fetzer, “From nationalism to European patriotism? Trade unions and the European works council at General Motors”, *Journal of European Public Policy* 19, no.3 (2012).

⁴ Catherine Hoeffler, “European armament co-operation and the renewal of industrial policy motives, *Journal of European Public Policy*” and Wyn Grant, “Economic patriotism in European agriculture”, in *Journal of European Public Policy* 19, no.3 (2012).

⁵ Helen Callaghan, Paul Lagneau-Ymonet, “The phantom of Palais Brongniart: economic patriotism and the Paris Stock Exchange”, *Journal of European Public Policy* 19, no.3 (2012).

selected – Alstom, Alcatel and PSA Peugeot Citroën – are intrinsically linked with the *dirigiste* tradition of French capitalism, so much so that their merger raise a puzzle: not only did not the French state prevent its ‘national champion’ from falling into foreign hands, it even *supported* these mergers with their European competitors. Knowing the interventionist tendency of French authorities until today, the attitudes of public actors show a complex articulation between the preservation of French interests and the ‘Europeanization’ process.

M&As provide fertile ground to investigate the interplay between national economic patriotism and a European one. While Schroeter tries to understand how to identify an “European enterprise” – if it exists at all - he reminds us that even though companies do not waive national flags, there are enough reasons to analyze the links between firms, and nationalism/Europeanism. Indeed, he underlines the historical heritage of certain companies, intrinsically linked with the nation building process. In this perspective, he wonders whether “fifty years of European integration [did] create a European firm, or at least traces of it – as in the cases of nation building”.⁶ Indeed, the present case selection is composed of companies resulting from this nation-building process, which carry rather high patriotic sentiments. This patriotic salience is all the more true in the French context, where the abstract idea of a “*French exception*” makes the public more receptive to the concept of a company being a “champion”.

For the purpose of this analysis, economic patriotism and nationalism will be studied as a political discourse. Hence, the main sources for this discourse analysis will be press coverage,⁷ press release from the government and other public statements made by political actors. While this study would probably deserve the use of analytical methods such as those developed by Schmidt and the discursive institutionalism school,⁸ the present discourse analysis will mainly rely on the contribution of Campbell and his synthesis of various neo-institutionalism.⁹ Campbell’s distinction between *frames* (set of symbols, like the idea of European champion) and *public sentiment* (underlying public assumptions, like the French mistrust in globalization) as part of *normative ideas* will help to explain how ideas are driving economic policy agenda.

By mapping the public debate surrounding these cases, we explain why the majority of political actors supported these mergers, by using, with more or less emphasis, a European

⁶ H. G. Schroeter, *The European Enterprise: historical Investigation into a Future Species*. (Berlin: Springer, 2008), 5.

⁷ I used the database Europress to find relevant articles in the press.

⁸ See for instance Vivien Schmidt, “Theorizing Ideas and Discourse in Political Science: Intersubjectivity, Neo-Institutionalisms, and the Power of Ideas”, *Critical Review* 29, no. 2 (2017).

⁹ John L. Campbell, “Institutional Analysis and the Role of Ideas in Political Economy”, *Theory and Society* 27, no. 3 (1998), 377-409.

rhetoric. Namely, the main findings of this contribution reveal a strategic, if not an opportunistic usage of a European rhetoric by French policy makers. Europe is referred to as a new *patrie* only when French companies are taken over by other European competitors. To legitimize what might be perceived as a loss, French political actors use a European patriotic discourse, with a special emphasis on the idea of “European champion”. Nonetheless, there are some variations from one case to another, which are due to the market structure of the sector rather than to the perception of the buyer’s nationality.

I will proceed in three steps. I will first introduce the theoretical framework I will rely on. While Clift & Woll contribution about ‘economic patriotism’ is the first and main lens of analysis, the theory of the ‘usages of Europe’ developed by Jacquot & Woll will allow a more precise discourse analysis. In the second chapter, I will give an overview of the EU regulation regarding M&A, and the evolution of the French political economy. In the last and empirical chapter, I will proceed to the case study.

Chapter 1

European patriotism and the economy

1.1 Nationalism, Europe and the economy

Economic nationalism has been traditionally equated with a set of protectionist policies. This traditional understanding has been more and more questioned in the past decades by several “revisionist” scholars who demonstrated that economic nationalism cannot be reduced to protectionism. In fact, as a policy agenda, economic nationalism can entail a various range of policies, from protectionist to liberal measures. Among this revisionist scholarship, Helleiner showed for example that liberalism and interventionism are not contradictory, but in fact are historically bound.¹⁰ Nationalist rationales can be used to cope with open market economy rules and norms, as illustrated by Harmes’ thesis about the “rise of neoliberal nationalism”.¹¹ Such a ‘liberal economic nationalism’ has been found in various type of countries and economies. Abdelal showed how in post-Soviet countries or in post-colonial states, liberalism was chosen to reinforce (or to construct) an autonomous and independent nation-state.¹² Thus, revisionist scholars agree that economic nationalism must not be defined by its policy content, but by its national or territorial reference.

By using this new understanding of the relationship between nationalism and economy, we can easily integrate the role played by the European Union (EU) or the references to Europe within national political debates. As the European integration progresses and thereby the “Europeanization” of every member state, there is now a dialectic between the reference to Europe and to the national when it comes to economic debates. There is also no doubt that the current European economic integration has been inspired and designed by a neoliberal agenda, so that a more flexible perspective on economic nationalism becomes even more necessary.

For Clift & Woll, especially in the European liberal democracies, there are “self-evident contradictions between international market integration and spatially limited mandates”.¹³

¹⁰ Eric Helleiner, “Economic nationalism as a challenge to Economic Liberalism? Lessons from the 19th Century”, *International Studies Quarterly* 46, (2002), 307-329.

¹¹ Adam Harmes, “The rise of neoliberal nationalism”, *Review of International Political Economy* 19, no. 1 (2012), 59-86.

¹² Rawi Abdelal, *National Purpose in the World Economy: Post-Soviet states in comparative perspective*. (Ithaca: Cornell University Press, 2001), 150-201.

¹³ Ben Clift, Cornelia Woll, “Economic patriotism: reinventing control over open markets”, *Journal of European Public Policy* 19, no. 3 (2012), 309.

Colin Crouch refers to these contradictions as the “paradox of neo-liberal democracy” that are currently facing politicians: how to pursue their political mandate, in order to defend “the political economic interests of their citizenry” when “large parts of economic governance are no longer exclusively within their control”?¹⁴ For Clift & Woll, this permanent contradiction forces government to intervene in the economic sphere to defend pursue their political mandate, in one way or another. As part of this revisionist scholarship about economic nationalism, they developed a new analytical approach labelled ‘economic patriotism’ (EP) to understand current forms of interventions, which they define as:

A prism to investigate how actors negotiate compromises between abstract economic objectives and territorially bound political obligations. We define economic patriotism as economic choices which seek to discriminate in favor of particular social groups, firms or sectors understood by the decision-makers as “insiders” because of their territorial status. Economic patriotism entails a form of economic partiality: a desire to shape market outcomes to privilege the position of certain actors. Unlike economic *nationalism*, economic patriotism is agnostic about the precise nature of the unit claimed as *patrie*: it can also refer to supranational or sub-national economic citizenship. Indeed, we argue that transfers between these levels are increasingly common.¹⁵

A case of economic patriotism can only be made if there is discrimination in favor or against a territorially defined insider or outsider. This discrimination (either negative or positive) is the only defining feature of EP, which can entail various set of policy, or have a varying type of territorial reference.

The scale and the borders of the *patrie* are indeed variable, for it can be either a region within a state, or a supranational territory. It thus allows the existence of a European form of Economic patriotism, as Clift puts it: “In Europe, insistence on the defense of economic interests increasingly lists European interests alongside national ones. Indeed, EP can shift scales and create ‘European champions’”.¹⁶ The lens of economic patriotism thus seems to be well armed to understand the reference to Europe made by French policymakers, in cases when national companies might fall into foreign hands.

¹⁴ Colin Crouch, “Economic patriotism and the paradox of neo-liberal democracy”, Paper presented at the first Economic Patriotism workshop, Warwick University, 13-14 February, quoted in Clift & Woll, *Ibid*.

¹⁵ Clift, Woll, “Economic patriotism”, 308.

¹⁶ Ben Clift, “Economic Patriotism, the Politics of Market-Making, and the Role of the State in the Twenty-First Century Capitalism” in T. Geroacs, M. Szanyi (eds.), *Market Liberalism and Economic Patriotism in the Capitalist World-System*, Palgrave MacMillan, 2019, p. 11.

1.2 Studying patriotism as a political discourse

1.2.1 Nation as a discourse

As Fetzer puts it, if the welcome “revision” of the understanding of economic nationalism is mainly the contribution of political economists rather than scholars from nationalism studies, the latter field provide a useful threefold distinction to approach the “nationalism-economy nexus”.¹⁷ The first way to approach nationalism is to understand it as political movement (or an ideology), where committed actors pursue a “nationalist” economic agenda – regardless of the policy content – because they actually believe in their nationalist goal. A second way focuses on nationalism as a political discourse, where nationalism “is conceived as a discursive repertoire available to any political actor”.¹⁸ A third and last perspective consists in analyzing “everyday nationalism”; by looking at a larger population, scholars aim to understand how national identity play a role in their quotidian routines and habits.

For the purpose of this analysis, nationalism/patriotism will be approached as a political discourse. In this perspective, we try to understand how nationalism, and all the nation’s symbols and meanings are used by political actors to legitimize their action. Following Verdery, we shall analyze in what context are mobilized various ideas of the nation, why, and how it varies from a context to another.¹⁹ For example, Callaghan and Lagneau-Ymonet tried to understand not only when does an economic patriotic discourse occur, but also when does it work. They proceed by analyzing a case of failure, when in 2006 the Paris based, and partly French owned Euronext stock exchange was purchased by the American NYSE. In this case, the opponents of the merger failed in their appeal for economic patriotism and state intervention, although the very same year, the French state invested a lot of effort to prevent a rumored takeover of Danone.²⁰ Following Callaghan & Lagneau-Ymonet’s analysis, this study aims to better understand the role of ideas in politics – in this case, of a patriotic discourse.

¹⁷ Thomas Fetzer, “Nationalism and Economy”, *Nationalities Papers*, (2020), 2.

¹⁸ *Ibid*, 5.

¹⁹ Katherine Verdery, “Whither “Nation” and “Nationalism”?”, *Daedalus* 122, no. 3 (1993), 39.

²⁰ Helen Callaghan, Paul Lagneau-Ymonet, “The phantom of Palais Brongniart: economic patriotism and the Paris Stock Exchange”, *Journal of European Public Policy* 19, no. 3 (2012), 389.

1.2.2 The role of discourse and ideas in politics

Scholars from various disciplines have tried to understand better the role of ideas in policy making. Their approaches can be classified in four different school of thought: the rational choice institutionalism, the historical institutionalism, the sociological institutionalism and the discursive institutionalism. All these “neo-institutionalisms” share many common grounds and assumptions, so that, as Campbell showed it, cross-fertilization is not only possible but also relevant. We shall rely on his contribution, where he uses both historical and sociological institutionalism to propose an analytical framework that offers a proper definition of ideas in politics, together with a typology.²¹

To better define what is an idea, Campbell proposes a double distinction. First, ideas can be either implicit and underlying assumptions, “taken-for-granted assumptions residing in the background of policy debates”, or explicit and located in the foreground of the political debate where they are “routinely contested”. The second distinction is between cognitive and normative: “at the cognitive level ideas are descriptions and theoretical analyses that specify cause-and-effect relationships whereas at the normative level ideas consist of values and attitudes”.²² As summarized in the following table, Campbell makes his typology even more sophisticated, with a distinction between programs, paradigms, frames and public sentiments.

Table A. *Types of ideas and their effects on policy making*²³

	Concepts and theories in the foreground of the policy debate (explicit)	Underlying assumptions in the background of the policy debate (implicit)
Cognitive level	<i>Programs</i> Ideas as elite policy prescriptions that help policy makers to chart a clear and specific course of policy action	<i>Paradigms</i> Ideas as elite assumptions that constrain the cognitive range of useful solutions available to policy makers
Normative level	<i>Frames</i> Ideas as symbols and concepts that help policy makers to legitimize policy solutions to the public	<i>Public sentiments</i> Ideas as public assumptions that constrain the normative range of legitimate solutions available to policy makers

²¹ John L. Campbell, “Institutional Analysis and the Role of Ideas in Political Economy”, *Theory and Society* 27, no. 3 (1998), 377-409.

²² *Ibid*, 384-385.

²³ *Ibid*, 385.

For the purpose of this analysis, we will use Campbell's framework to have a better understanding of the use of patriotic ideas referring to Europe. We will pay special attention to the *frames*, that are, the various symbols and concepts used as legitimacy devices politicians and other public actors.

1.3 The idea of Europe in the French context

1.3.1 The usages of Europe

We will focus more on the normative level of ideas, and how they are used to legitimize certain political choices. More precisely, we will investigate how the idea of Europe is used for this purpose. To disentangle the various purposes of an European and economic patriotism rhetoric, we will rely on an additional analytical approach developed by Sophie Jacquot and Cornelia Woll named "the usages of Europe". Indeed, the usages of Europe offers an interesting heuristic device to clarify how actors refer to Europe and use it for various political purpose. They define their approach as the following.

The usages cover political practices and interactions that adapt and redefine themselves by seizing Europe a set of opportunities of diverse natures – institutional, ideological, political or organizational.²⁴

They propose to distinguish three types of usages – cognitive usages, strategic usages, and usages of legitimacy – that differ not only in their content, but also chronologically (actors use differently the reference to Europe depending on the situation, i. e before or after decision-making).

The *cognitive usages* do not take place during a specific event. Rather, they refer to actions of interpretation and problematization, and more importantly of "diffusion of ideas as persuasion tools". The *strategic usages* occur during an event and during the decision-making process. These aims to use the various opportunities of the European integration to weigh on a political decision. The *usages of legitimation* take place afterwards and refer to the moment

²⁴ Sophie Jacquot, Cornelia Woll, "Action publique européenne : les acteurs stratégiques face à l'Europe", *Politique européenne*, no. 25 (2008), 165.

when a decision needs to be justified. Europe is then used as a reference to help to legitimize a decision. The following table summarizes this typology.

Table B. *Different types of usages of Europe and their features*²⁵

	Used elements	Actors type	Political work
Cognitive usage	– Ideas	– Political entrepreneurs – Coalitions of cause – Public policies network	– Argumentation – Setting of the public action
Strategic usage	– Institutions – Instruments – Funding	– Institutional actors	– Resources mobilization
Usage of legitimacy	– Public space – Discursive references	– Political actors	– Justification – Deliberation

This analytical approach will help us to analyze the discourse in a more structured way, as it offers both a chronological and an ontological approach. By combining the two, I shall look at how Europe is used as a new *patrie*, when, and for what purpose. Indeed, as Jacquot & Woll put it: “who can use Europe and for what purpose? In other words, which actors have more access to the definition and to the translation of the ‘European effects’? Which tools are the more available or the most important ?”.²⁶ These questions raised by Jacquot & Woll point to an aspect of European economic patriotism that needs to be further explored: when it comes to M&A, do we witness variations in the usage of Europe depending on the third country’s nationality involved? Is the patriotic reference to Europe more salient with certain European countries, and less with others?

1.3.2 French meanings of Europe

The usage of Europe will vary from a country to another, as the very meaning of Europe varies from one country to another. A wide scholarship has already investigated the possible

²⁵ *Ibid*, 179.

²⁶ *Ibid*, 180. Translated by the author.

meanings of Europe in the different European nation states. Namely, the historian Robert Frank has questioned the meaning of Europe's history in France and states "in brief, French discourse on Europe is mainly a discourse on French power or French influence in Europe and, beyond Europe, French influence in the World".²⁷ Writing in 2002, he notices a turning point in the relationship between French and Europe because of the awareness of the French decline in the current globalization since the 1970s and 1980s:

The idea of French centrality in Europe gave way gradually to the question of European centrality in France. Maybe the decline of the idea of a French Europe will lead to the reality of a European France: it certainly will be the great debate in the coming years.²⁸

This shift can also be understood as a move from 'power' to 'influence'. At any rate, Europe bears a positive connotation in the French political debate. For Zaki Laïdi, Europe and the European construction, as opposed to the invisible and anonymous globalization and free market, is perceived positively as "a space which means something in the matter of identity, of hopes and dreams for the future".²⁹ Hay and Rosamond also underline the French preference for Europe over globalization, the latter being perceived as a threat for the nation's power and identity. Added to the fact that "the government might plausibly claim some direct influence over the trajectory and process of European integration itself",³⁰ the European integration comes as the solution to maintain the high status of France in the new world order.

In the following table, I use Campbell's typology of ideas to add the specific French case and how the idea of Europe is articulated in the political debate. Special attention will be paid to the use of specific *frames*, there are two discursive tools that actors use easily when it comes to Europe: they refer to the idea of "European champion" which indirectly praises the role of France. Strongly related is the success story of Airbus, used as a sort of inspiring myth for any other industry that would like to cooperate at the European level.³¹

²⁷ Robert Frank, "The meanings of Europe in French National Discourse: a French Europe or an Europeanized France?" in Mikael af Malmberg, Bo Stråth (eds), *The meaning of Europe: variety and contention within and among nations*. (Oxford: Berg, 2002), 311.

²⁸ *Ibid*, 325.

²⁹ Quoted by Frank, 325.

³⁰ Colin Hay, Ben Rosamond, "Globalization, European integration and the discursive construction of economic imperatives", *Journal of European Public Policy* 9, no. 2 (2002), 163.

³¹ Ralf Ahrens, "The importance of being European: Airbus and West German industrial policy from the 1960s to the 1980s", *Journal of Modern European History* 18, no. 1 (2020), 63-78.

Table C. Type of ideas and their effect on policy making, completed with the specific case of the French idea of Europe.³²

	Concepts and theories in the Underlying assumptions in foreground of the policy debate	Underlying assumption in the background of the policy debate
Cognitive level	<p><u>Programs</u></p> <p>Ideas as elite policy prescriptions that help policy makers to chart a clear and specific course of policy action</p> <p><i>France must remain powerful, especially within Europe: France must be powerful in a powerful Europe</i></p>	<p><u>Paradigms</u></p> <p>Ideas as elite assumptions that constrain the cognitive range of useful solutions available to policy makers</p> <p><i>France must cope with the European rules and the globalized free market</i></p>
Normative level	<p><u>Frames</u></p> <p>Ideas as symbols and concepts that help policy makers to legitimize policy solutions to the public</p> <p><i>Champion: France can only be a champion, either French or European champion</i></p> <p><i>Airbus: success story of Europe, thanks to the French industry</i></p>	<p><u>Public sentiments</u></p> <p>Ideas as public assumptions that constrain the normative range of legitimate solutions available to policy makers</p> <p><i>Globalization is rather negative, as opposed to the European project which is positive and meaningful</i></p>

³² Inspired by Campbell, 385, and the ideas developed by Robert Frank.

Chapter 2

Cross-border M&As in Europe and in France

Mergers and acquisitions (M&A) are a common phenomenon in a market-based economy. In the current globalized context, where the promotion of free trade has removed many barriers to the free flow of capital, cross-border M&As are also very common. It allows larger firms to enter new markets, by acquiring local weaker actors. Indeed, a weakening company does not necessarily exit the economy through bankruptcy but might also leave the market through a foreign takeover.³³ One of the missions of the EU Commission is to guarantee this free competition in a market economy. In contrast, Serdar-Dinc & Erel observe that governments' reactions to foreign bids are not necessarily motivated by these liberal assumptions and "in particular, government interventions often appear to depend on the "nationality" of the acquiring company".³⁴ In this section, an overview of the current EU regulation will be given, followed by a brief characterization of the current French political economy.

2.1 Cross-border mergers and acquisitions in Europe

2.1.1 General overview

Cross-border mergers and acquisitions (M&A) are a common phenomenon in the current globalized world economy. In the EU, chart A shows that from 2007 to 2010, European firms were more purchased from outside the EU; in contrast, from 2015 to 2018, EU companies proceeded to more outbound mergers.

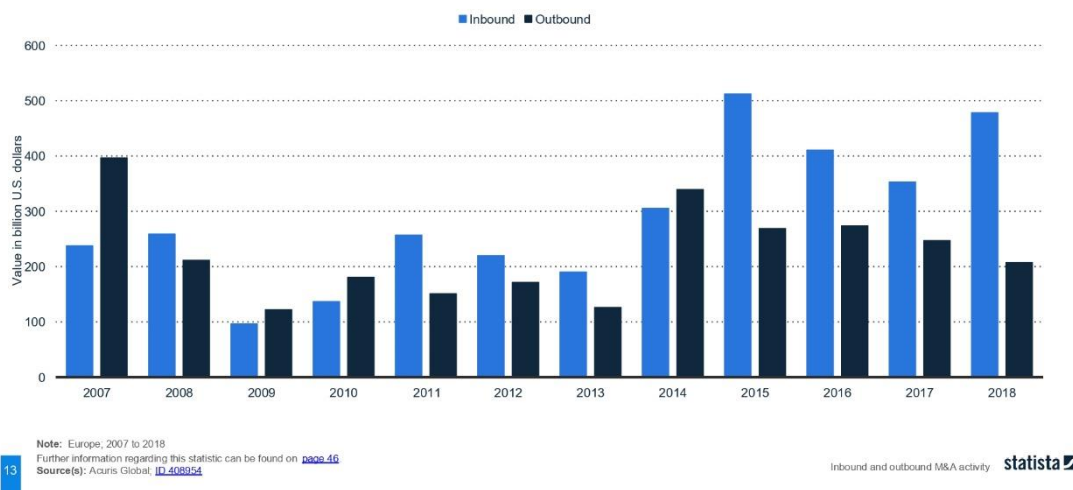
³³ I. Serdar Dinc & Isil Erel, "Economic Nationalism in Mergers and Acquisitions", *The Journal of Finance* 68, no. 6 (2013), 2471.

³⁴ *Ibid.*

Chart A.

Value of inbound and outbound merger and acquisition (M&A) deals in Europe from 2007 to 2018 (in billion U.S. dollars)

Inbound and outbound M&A transaction value in Europe 2007-2018



The second chart (chart B) compares the five biggest economies of Western Europe. With significantly less transactions than the UK, and relatively less than Germany, France's number of mergers and acquisitions remained rather stable from 2015 to 2020, with an approximate average of 500 deals per year.

In France specifically, as shown in chart C, the evolution of M&A transactions' value shows how strongly the country is integrated to the globalized market, as - except for 2014 - the value of cross-border M&A is higher than the one of domestic transactions, with a very net difference in 2015 and 2016.

Chart B.

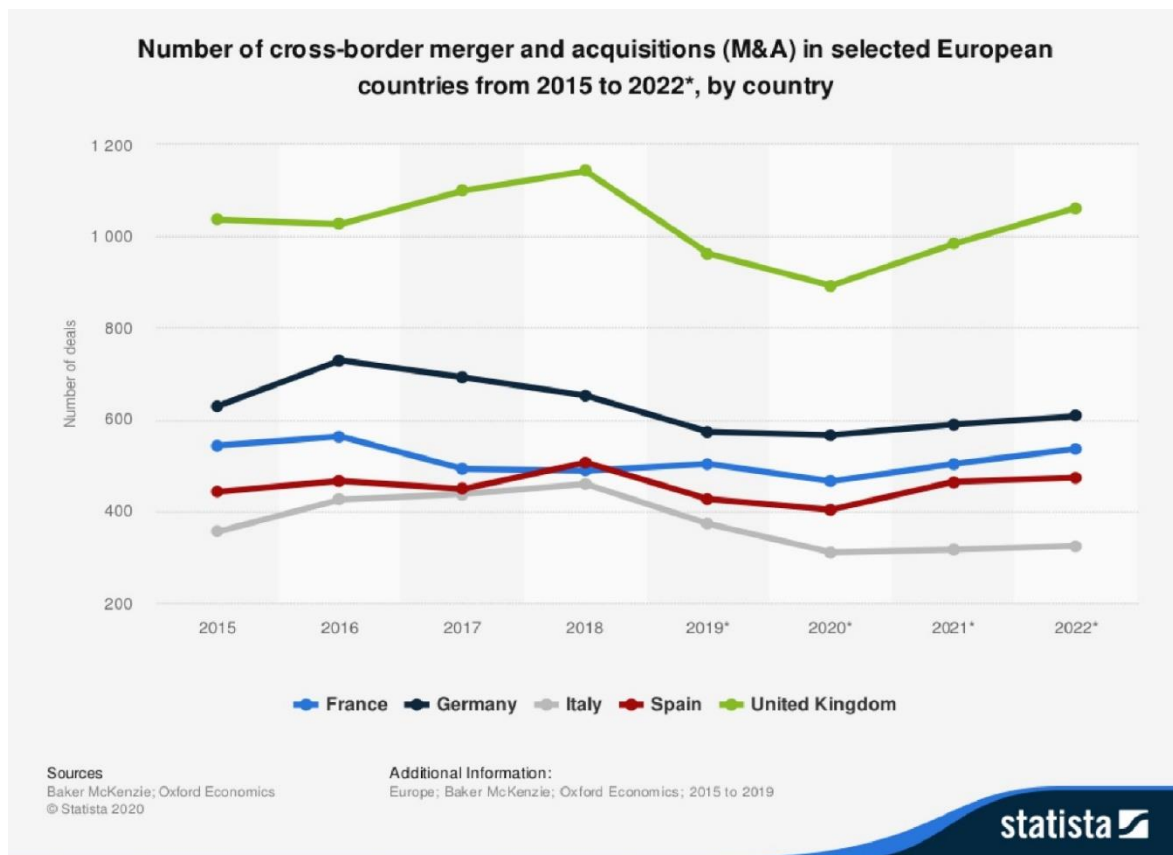
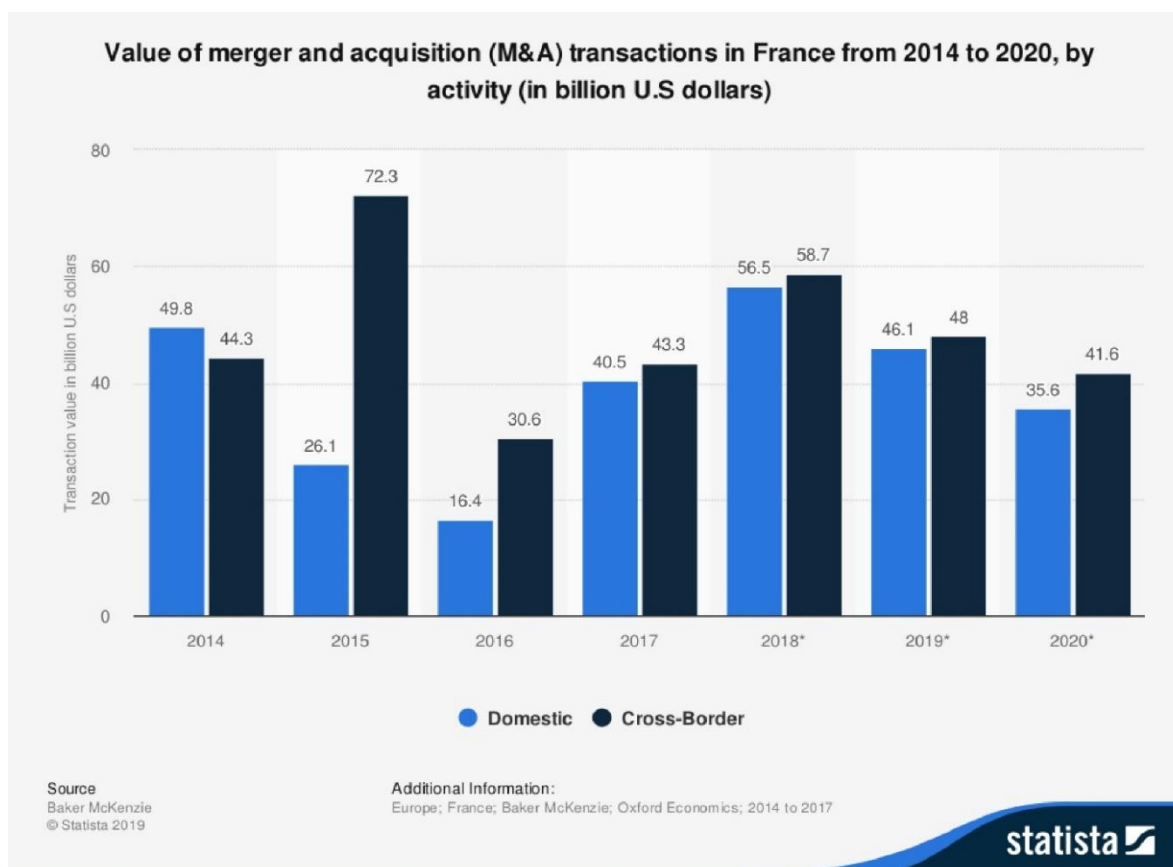


Chart C.



2.1.2 EU regulation regarding cross-border M&A in Europe

Most of the mergers between large European companies from two different member states are generally to be reviewed and approved by the European Commission. Precisely, according to the EU Merger Regulation of 1989 and amended in 1997:

[the EU Commission has] the authority to rule on mergers if the mergers were deemed to have a community dimension, which is defined as follows:

- The aggregate worldwide turnover of all the merging parties is more than 5 billion euros.
- The aggregate community-wide turnover of each of at least two merging parties is more than 250 million euros.³⁵

It does not mean though that EU member states have no *de jure* power to oppose a merger. Put aside the possible appeal to the European Court, “nationalism in defense and media companies is explicitly allowed”,³⁶ while the EU regulation also recognizes the right of a state to defend their “public interest”, although this notion remains rather undefined according to Serdar-Dinc & Erel.

These authors also list several *de facto* powers available for states who would like to prevent a merger. They can indeed: use moral persuasion which, depending on the sector, can be very efficient if the state is a major client; have golden shares in privatized company and thereby veto a takeover; find a “white knight” i.e a friendly acquirer, either to play for time or to create a national champion; this could be done by providing financial aid to a domestic acquirer whose bid would be favored by its domestic counterpart.³⁷ As developed below, the French state, with its *dirigiste* tradition, has always been particularly willing to protect its domestic companies by using these methods.

2.2 French political economy: *dirigisme* or *post-dirigisme*?

2.2.1 The *dirigiste* tradition since WW2

³⁵ Dinc, Erel, 2475.

³⁶ *Ibid.*

³⁷ *Ibid.*, 2475-2477.

France probably deserves to be called an “easy” case-study for scholars looking for examples of economic patriotism. Its particular political economy, widely known as *dirigiste*, “understood as both a set of interventionist policies and of directive policy-making processes”,³⁸ provides striking cases of state intervention aimed at preventing foreign takeover of domestic firms. For instance, after repeating rumors in the 1960s that the Italian Fiat would purchase the French carmaker Citroen, Charles De Gaulle convoked Citroen’s CEO and made very clear his disapproval. A couple of years later, Peugeot eventually acquired its rival Citroen.³⁹ More recently, in 2004, the French government prevented the Swiss Novartis from purchasing the pharmaceutical company Sanofi by supporting a domestic acquirer. Another striking intervention, though with a different result, was the government opposition in 1997 to the bid of the Italian Generalli to the French AGF, which later purchased by the German Allianz, having gained the support of the government.⁴⁰

More recently and despite the EU Regulation that largely prevents discriminative intervention, Clift underscores how the French state still finds means to circumvent these regulations and to defend its interests. For example, “the government’s €800 million investment in Groupe PSA in April 2014 was designed to counter the growing influence of Chinese firm Dongfeng Motors”.⁴¹ Another and ongoing example is the theoretically upcoming takeover of Les Chantiers de l’Atlantique by the Italian Fincantieri. The shipyard located in Saint-Nazaire used to be owned by Alstom, who sold most of its shares in 2006 to the Norwegian Aker Yards. It was later acquired by the Korean STX, who also decided to sell the shipyard in 2016. The only declared acquirer was then the Italian Fincantieri (largely owned by the Italian state) whose offer was first welcomed by the French government in 2017. Yet, after several months of negotiations, the French government announced being dissatisfied by the Italian offer and proceeded to the immediate nationalization of the shipyard “to protect the French strategic interests”.⁴² According to the official communication, this nationalization is meant to be temporary and negotiations with Fincantieri are still ongoing.

³⁸ Vivien Schmidt, “Running on empty: the end of dirigisme in French economic leadership”, *Modern & Contemporary France* 5, no. 2 (1997), 229.

³⁹ Dinc, Erel, “Economic Nationalism”, 2471.

⁴⁰ *Ibid.*, 2510-2511.

⁴¹ Ben Clift, Sean McDaniel, “Capitalist Convergence? European (dis?)Integration and the Post-crash Restructuring of French and European Capitalisms”, *New Political Economy*, (2019), 11.

⁴² *Le Figaro*, July 27, 2017.

2.2.2 The EU and French *dirigisme*: towards post-*dirigisme*?

According to Clift & McDaniel, since the financial crisis of 2008, the French capitalism is better described by the concept of “post-*dirigisme*”:

Post-*dirigisme* underscores how the twenty-first century French state retains an ambition to shape how French capitalism and corporate governance evolves ... This despite the partial retreat from the post-war *dirigiste* model and France’s shift towards liberalization, deregulation and privatization.⁴³

This shift has been mainly provoked by the European construction and its neoliberal underpinning, as illustrated by Mitterrand’s “U-turn” in 1983 towards austerity measures, after having conducted Keynesian economic policies for two years. As the European project advances, the French supervision of its economy diminishes, with several visible consequences, such as:

[On the one hand], overriding decades of French state antipathy towards foreign ownership, the internationalization of French capitalism proceeded apace through large French firms’ transnational mergers and acquisitions and joint ventures. [On the other hand], the reliance on equity finance by French firms increased, and the scale of French equity in foreign hands became a distinctive feature of French capitalism.⁴⁴

Thus, the phenomenon studied in this analysis is largely a symptom of the ongoing internationalization and Europeanization of the French capitalism. Moreover, still according to Clift, France has always supported the European project to strengthen - or rather to try to maintain its global role.⁴⁵

This trend towards more internationalization became even more salient since 2014 “with the installation of a new pro-business government under Prime minister Valls ... with Emmanuel Macron as Economy and Finance Ministry”.⁴⁶ The latter being now Head of the state, this pro-business paradigm, less willing to directly intervene to prevent a foreign takeover,

⁴³ Clift, McDaniel, 6.

⁴⁴ *Ibid.*

⁴⁵ Clift & Woll, 131. This assessment follows Alan Milward’s thesis about the “European rescue of the nation-state”, particularly true in the French case. See Alan S. Milward, *The European Rescue of the Nation-State*. (London: Routledge, 1992).

⁴⁶ Clift & McDaniel, 12.

is therefore still ongoing with the current government of Prime minister Philippe, in office since 2017.

Chapter 3

From national to European champions?

In the following part, I will analyze the usage of a European rhetoric by the actors (mainly politicians, but also economic actors and commentators) in case of mergers with the following French companies: Alstom (railway industry) with Siemens (German), Alcatel-Lucent (telecommunications) with Nokia (Finish) and PSA Peugeot Citroen (car manufacturer) with Fiat Chrysler Automobile (Italo-American).

Alcatel-Lucent and Alstom are both the descendants of the former Compagnie Générale d'électricité (CGE). Originally, Alcatel was a small company based in Mulhouse who was producing telecom equipment that the big CGE acquired in 1968. Alsthom,⁴⁷ also originally based in Alsace, entered the CGE Group one year later. Already intrinsically linked to the *dirigiste* French state of the *Trente Glorieuses*, the CGE became an actual national champion in 1982, when the freshly elected government of Mitterrand nationalized several companies, among which the CGE. Despite the company privatization five years later, its status of national champion was not questioned. According to CGE's CEO in 1991, the temporary nationalization had a very beneficial effect: "Suddenly, we became ourselves part of the national heritage. ... We were then the national champion with the industrial data in hand".⁴⁸

In 1991, when CGE took the name of "Alcatel-Alsthom", the group was one of the largest private French companies and a global leader in telecommunication, transport and energy.⁴⁹ According to Torres, between 1986 and 1996, the company doubled in size and multiplied its net profit by seven.⁵⁰ Meanwhile, facing the increasing internationalization and globalization of the market, the leaders decide to streamline the company's activities by focusing, on the one hand, on transport and energy with Alsthom, and on the other hand, on telecommunication with CIT-Alcatel. Eventually, in 1998, all the activities related to Alsthom (transport and energy) were sold, giving birth to a smaller and autonomous Alstom while Alcatel-Alsthom was being renamed Alcatel. In the French popular culture, these companies are easily remembered and associated with so-called French "prides", such as the *Minitel* for

⁴⁷ Alsthom was renamed "Alstom" in 1998.

⁴⁸ Félix Torres, "La Mondialisation des entreprises françaises ou le destin divergent de Schneider Electric et d'Alcatel-Alsthom", *Revue française d'histoire économique*, no. 9 (2018), 208.

⁴⁹ *Ibid*, 206-209.

⁵⁰ *Ibid*, 210.

Alcatel, a telecommunication technology used before Internet, or the *TGV* for Alstom, known as the fastest train in the world.

The third example, PSA Peugeot-Citroën, although it has never been nationalized, is also a typical representative of French capitalism. As mentioned above, Peugeot acquired its rival Citroën in 1976 after the French government asked Peugeot to do so, as Citroën went bankrupt. As a national car manufacturer, PSA can reasonably be treated as a company carrying strong patriotic sentiments, its cars becoming part of the popular culture not only through its popular usage, but also through its appearance in various movies or other cultural content.

Given the history of these three companies – typical ‘national champions’ – and given the interventionist and dirigiste tradition of the French state, one could have legitimately expected that their takeover by or merger with foreign, though European companies, would be prevented by the French government, eager to protect its national champions. Yet, in these cases, not only did the state allow the merger, it also supported it to a various extent.

3.1 The patrie of Airbus: Alstom, Siemens and the Franco-German couple

3.1.1 Alstom, General Electric and Siemens the white knight

The story between Alstom and Siemens began in April 2014, when it was revealed that the American company General Electric (GE) wanted to buy Alstom’s energy branch. A few days later, Siemens announced having made an offer as well. The French Minister of Economy, Arnaud Montebourg, publicly stated that he backed Siemens’ bid.⁵¹ This bid by the American GE pushed many actors to adopt a rhetoric very close to the traditional meaning of economic patriotism. For the French Minister of Economy, since Alstom equips all the French nuclear centrals, the company must be considered as representing “strategic interests” that must be preserved from falling into American hands. He considered the “German option” to be more compatible with the French strategic interests, underlining the necessity to foster European cooperation in the energy sector. Not surprisingly, Montebourg was using the symbol of Airbus as a promotion tool:

⁵¹ *Le Figaro*, 26 April, 2014.

Either we're being bought by Boeing, or we decide to build an *Airbus of energy* and of transports. I prefer the giants *made in France*. We can create a global leader, a champion *made in France*.⁵² (emphasis is mine)

As illustrated by this statement, the creation of an “Airbus of ...” is never considered by French politicians as contradictory with French interests. For Montebourg it is in fact highly compatible and Airbus products might even be considered as “made in France”. Dissolving a French company into a European enterprise is not considered as a loss of power. In addition, this statement illustrates how the reference to the creation of an Airbus champion is not presented as an option, but as a necessity: otherwise, France (or even Europe) will be bought and controlled either by the Americans or by the Chinese. This is in line with the public sentiment about the threat of globalization for French power, and the European integration as a means to counterbalance globalization (see table C).

Yet, put aside the European argument in favor of Siemens, many commentators underlined the fact that a merger with the German side would be far less interesting: Alstom and Siemens were at the time competing on the same products, whereas GE was precisely interested in buying Alstom because of its expertise in nuclear turbines – a sector in which GE is not specialized. A merger with the American was thus offering more guarantees in terms of employment, since Alstom and GE's activities were more complementary than overlapping.⁵³

Hence, one could have expected the ministry of the “productive recovery”⁵⁴ to back the socially more acceptable proposition. However, Montebourg did not. In this case, the German Siemens played the role of the ‘white knight’, that is, a “friendly acquirer” here to “block an unwanted acquirer”.⁵⁵ The minister chose to base his political communication on a patriotic and nationalist argument and not on a socialist one. He supported the bid of Siemens by calling for the creation of an ‘Airbus of energy’.⁵⁶ Nevertheless, it was also probably part of a negotiation strategy: it is possible that Montebourg never seriously considered Siemens' offer, but was just using this ‘white knight’ to force GE to improve its bid. According to Jacquot and Woll typology, this is a typical *strategic usage* of Europe, aimed at mobilizing resources – in this case time and money, as Siemens' bid would force GE to improve its offer.

⁵² *Le Figaro*, 28 April 2014

⁵³ *Le Monde*, 28 avril 2014,

⁵⁴ “Minister of the productive recovery” was his official title and function.

⁵⁵ Dinc, Erel, “Economic Nationalism”, 2477.

⁵⁶ *Le Figaro*, 28 April 2014

Economic patriotism did not only show itself through the discourse, it also had an impact on the law. On May 14, the government issued a decree nicknamed ‘Alstom’ decree, extending the power of the state to veto the takeover of ‘strategic interests’ into areas of energy supply, water, transport, telecoms and public health.⁵⁷ Both the Prime Minister, Manuel Valls and the Minister of Economy talked about ‘economic patriotism’ in front of the press to defend the enactment of the decree.⁵⁸

However, despite the commitment of the Minister of Economy – who left the government in the summer 2014 – and despite the ‘Alstom’ decree, the purchase of Alstom’s energy branch by GE was approved in November 2014 by the new Minister of Economy, Emmanuel Macron. In other words, after several months of campaign against the merger with GE and of promotion of the “German solution”, eventually, the state did not intervene at all. This case is similar to the takeover of Euronext, the Parisian based stock exchange purchased by NYSE in 2006. Despite a strong support for economic patriotism - in Alstom’s case even from a member of the government publicly advocating for a European solution – it shows all the limits of Economic patriotism and that “the French government’s commitment to financial deregulation had become strong enough to withstand calls for discrimination in favor of any territorially defined insider”.⁵⁹

3.1.2 Merging Siemens and Alstom, towards an “Airbus of railway”?

Three years later in September 2017, Alstom and Siemens announced their intention to merge their railway activities. The French minister of Economy, Bruno Le Maire, welcomed the announcement and presented the merger as the emergence of an “Airbus of railway”.⁶⁰ In their common press release, the two companies do not refer to Airbus but mention the creation of an “European Champion in Mobility”.⁶¹ The merger would have created the second biggest railway company in the world, after the Chinese CRRV, often presented by the press as the ‘nightmare’⁶² of Alstom and Siemens. The competition against Chinese - and, though to a lesser

⁵⁷ *Le Monde*, May 16, 2014

⁵⁸ *Le Monde*, May 14, 2014,

⁵⁹ Callaghan & Lagneau-Ymonet, p. 401.

⁶⁰ *BFM TV*, September 26, 2017

⁶¹ Alstom, Press releases and news, September 26, 2017

⁶² *Le Monde*, February 6, 2019

extent, against North-American - big companies was the main leitmotiv in the merger promoters' discourse.

In the official communication of the government, it is interesting to notice that, even though there is a large emphasis put on the European aspect of the merger – notably when it is stated that the French government wants to “reinforce the industrial Europe and the European economy”⁶³ – the Franco-German partnership is even more salient. The official report is indeed referring in its title and later several times to “the creation of a Franco-German global champion”.⁶⁴ Although in their discourse, what is Franco-German is synonymous with European, the reference to the couple can entail the disappearance of an explicit reference to Europe.

Eventually, the EU Commission blocked the merger in February 2019. The aggregate turnover of the merging entities exceeded 5 billion euros, and therefore needed the Commission's approval.⁶⁵ In its press release, the EU commission argues that “the merger would have harmed competition in markets for railway signaling systems and very high-speed trains”.⁶⁶ The French Minister of Economy, Bruno Le Maire, expressed deep regrets after the EU Commission's prohibition:

It is an economic mistake. The criteria used by the European Commission are not the right ones. The European Commission says the European market is not open to the Chinese giant, I believe the exact opposite. ... I also think it is a *political mistake*. The European institutions' role is to defend the economic and industrial interests of the Europeans. *This decision will serve the economic and industrial interests of China.*⁶⁷ (emphasis is mine)

His statement resonates with Montebourg's statement who, five years earlier was talking about “being bought by Boeing [i.e the Americans]”. Although for Le Maire, the threat is not represented by the US but by China and its rising champions, the discursive scheme remains the same: because there is an external threat that France cannot fight alone, Europeans (and especially French and Germans) need to unite to create a ‘champion’ capable of withstanding. This vision of the current economic world order seems to be shared by Le Maire's German

⁶³ French Ministry of Economy, September 26, 2017.

⁶⁴ *Ibid.*

⁶⁵ Dinc, Erel, p. 2475.

⁶⁶ European Commission Press release, February 6, 2019.

⁶⁷ *France 3 Bourgogne Franche Comté*, January 14, 2019.

counterpart, Peter Altmaier, as both Economics ministers set out a joint manifesto appealing to a revision of the current European industrial policy so that it would “fit for the 21st century”.⁶⁸

During the investigation process of the merger by the Commission, British, Spanish, Dutch and Belgian authorities publicly stated their fears and their disapproval of the merger, which would have increased the prices for “customers, including train operators and rail infrastructure managers”.⁶⁹ These complaints from EU member states make the European rhetoric around this merger somewhat ironic. They underline possible clashes between different vision of Europe: the vision of a “core” Europe defended by France and Germany might not be so easily accepted in other parts of the continent. It also underscores the extent of the discursive “usage” of Europe, as not only most of the other EU member states, but the EU itself, disagreed with Le Maire’s vision of European champion.

3.2 Europe by default: the takeover of Alcatel-Lucent by Nokia

3.2.1 “The European champion we were looking for”

*“- Are you aware that we’ll be shocked this morning though? Because there is no more Alcatel! ... There is no more Alcatel! Alcatel doesn’t exist anymore this morning Michel !”*⁷⁰

In 14th April 2015, the two groups, Alcatel-Lucent and Nokia, announce their intention to merge. More exactly, Nokia makes clear its intention of acquiring Alcatel-Lucent through a takeover bid.⁷¹ In July, the EU Commission authorized the merger, followed by the French government three months later. In January 2016, Nokia officially took control of Alcatel-Lucent, which ceased to exist as an autonomous enterprise.

The first official statement made by the Ministry of Economy, is in this perspective clear, as the very first argument to defend this merger is the constitution of a “European champion in the domain of telecommunication ... able to position itself at the top level of the

⁶⁸ French Ministry of Economy, “A Franco-German Manifesto for a European industrial policy fit for the 21st Century”, February 19, 2019.

⁶⁹ European Commission, Press release, February 6, 2019.

⁷⁰ This is how the journalist of the *Figaro* Stéphane Soumier opens his interview with Michel Combes, CEO of Alcatel-Lucent, on April 15th, on the news channel BFM-TV, one day after the takeover has been officialized.

⁷¹ *Le Monde*, April 15, 2015.

world competition”. It goes further in the conclusion by stating that “the creation of European champion in telecommunication is also an important component of the digital sovereignty policy supported by France”.⁷² In this sense, European integration is far from being considered as contradictory with French interests. On the contrary, it is implied that what reinforces Europe reinforces France – in this case its “digital sovereignty”.

The compatibility of the European integration and of French sovereignty is far from being always acknowledged. In this situation, the reason why it appears to be so obvious for policymakers is, like in Alstom’s case, the constant reference to the “threat” posed by “China” and the Chinese firms. In this regard, the statement of Emmanuel Macron, Minister of Economy, is clear:

This rapprochement between Nokia and Alcatel-Lucent will allow the creation of *the* big European champion, both of the telecom equipment and technology, with the best of the technology of Nokia and Alcatel. *This* big champion is precisely the one who *will able to compete with Huawei and the big Chinese champions*.⁷³ (emphasis is mine)

Macron’s rhetoric implies that this merger will fill a vacuum: Europe was waiting for its champion able to compete with the Chinese, hence the emphasis on the “*the*”. It is objectively inaccurate, as the global leader in this sector is the Swedish Ericsson – a fact that is conveniently ignored by the officials. The main logic of this discourse is to depict the inevitable rise of Chinese companies, against which France alone cannot compete at all. It is only within a European structure that France will be able to “resist” to this threat. The usage of Europe is in this case a clear usage of legitimacy: politicians use discursive references (the Chinese threat, the need of an “Airbus...”) to *justify* the merger (see table B).

The idea that European nation-states are threatened by the rise of a challenger is not new. The rise of Japan in the late 1980s and 1990s was very similar to the current framing of China.⁷⁴ Huawei, more than any company, is depicted as a major challenge. Thus, the idea of a European champion is not new either. In 2013, according to *Le Monde*, in the French Ministry of Economy “they are dreaming of an “EADS or Airbus of telecoms” with a merger between the two weakest European manufacturers [Alcatel-Lucent and Nokia-Siemens, the Finish-

⁷² French Minister of Economics, Press release, April 15, 2015.

⁷³ Emmanuel Macron, *Euronews*, April 14, 2015.

⁷⁴ Wayne Sandholtz and John Zysman, “1992: Recasting the European bargain”, *World Politics* 42, no. 1 (1989), 95-128.

German subsidiary of Nokia], ranked third and fourth globally, which would be more solid to face the formidable Chinese”.⁷⁵

Interestingly, the European rhetoric is perhaps even more used by the CEO of Alcatel-Lucent himself, Michel Combes. His very first argument to answer to the “shocked” journalist was to refer to the “huge pride for all the collaborators, since through this merger, we are giving birth to the first European technology group”. He further argues that the merger is in fact “a historical day in France and in Europe as Europe builds its technological champion”.⁷⁶ Both him and Macron choose to open and start their argument by this reference to Europe, whereas they could have chosen to insist on the commitment made by Nokia not only to keep the former activities of Alcatel in France, but also to invest even more and thereby creating jobs in the territory. These are obviously only formal pledges that do not entail a legal obligation, which could explain the emphasis put on the European aspect. Just like in Alstom’s case, as policymakers cannot certainly promise that there will be no job cuts, the social aspect of the deal becomes secondary and the patriotic appeal is put on the foreground.

Five months later, when the second official statement is published and when the merger is barely covered by the news – as the deal has been officially accepted by the government – there is no mention of Europe at all. In a shorter statement, all the emphasis is put on the engagement of Nokia not only to maintain the former activities of Alcatel-Lucent in France, but also to invest and create more jobs. The European rhetoric completely disappeared, since there is no need to justify the transaction anymore.⁷⁷

3.2.2 Europe by default

Put aside the statements made by Jean-Luc Mélenchon, leader of the radical left party, and those made by Marine Le Pen, leader of the far-right, who both called for preventing the merger, politicians and commentators overall agreed that this takeover of Alcatel was somewhat “to be expected”.⁷⁸ Indeed, in contrast with Alstom which was a recovered and thriving company when the mergers took place, Alcatel had not been performing well since the end of the 1990s. It remained autonomous and independent from 1998 until 2006, when it merged with its American competitor, Lucent. The merger came after years of continuous loss, due mainly to the explosion of the internet bubble and rather outdated technologies. When the merger

⁷⁵ *Le Monde*, 1 juillet 2013.

⁷⁶ *BFM-TV*, April 15, 2015.

⁷⁷ French Ministry of Economy, Press release, September 22, 2015.

⁷⁸ The company is everywhere described as “adrift”, or even “neglected” by *Le Monde*.

happened, Lucent's turnover was two times that of Alcatel's, but had also experienced a long and gradual demise. For all the commentators, this Franco-American merger was a failure. The new group did not produce any profits until 2014, after being almost bankrupt in 2012-2013. A lot of emphasis is also put on the fact that the two "cultures" – French and American - are too different, preventing any real and efficient cooperation.⁷⁹

This negative assessment of the American corporate culture could have entailed an appreciation of the European origins of Nokia.⁸⁰ Yet, it is not quite the case. The use of a European patriotic rhetoric is very salient in the official communication of both the government and the CEO of Alcatel. But in the news, the idea of "European champion" is rather mechanically repeated, while the loss of a 'national champion' is still expressed.

The Finish origin of Nokia does not play any salient or positive role and is most of the time less mentioned than the European aspect, or sometimes even subject to a rather arrogant treatment – with for example *Le Monde* writing about "Colbert and the Finish paper maker":

"This could be a fable. The one about a little paper maker in the Finish countryside and a great Parisian Lord. And, in the end, it is the humble Nordic who strikes down the powerful French."⁸¹

At any rate, the common point between the official communication and the comments in the press is the awareness of the Chinese threat and the leading role of American firms in IT technologies. It seems to confirm that the promotion of 'European champions' is less a goal in itself than a necessary response to the rise of "threatening" Chinese champions or dominant American firms.

3.3 The marriage between PSA Peugeot Citroen and Fiat Chrysler Automobile (FCA) : towards new markets outside Europe

3.3.1 FCA and its French pretenders

Unlike the two previous cases and especially unlike Alcatel which was financially in a very bad position, this merger involves a French company that was in a good health when the bid occurred. In a good shape both financially (a net benefit increased by 13.2% in 2019) and

⁷⁹ *Le Figaro*, April 14, 2015.

⁸⁰ In the American press, one could notice the reference to the emergence of a "European *behemoth* better equipped to fend off rising Chinese rivals" in *The Wall Street Journal*, April 14, 2015.

⁸¹ *Le Monde*, April 20, 2015.

technologically, as PSA is keeping up the rhythm in the development of electric cars.⁸² The other noticeable difference is that the French state is directly involved in this merger, since it possesses 12.5% of PSA's capital, shares equal to the ones of the Peugeot family, and most importantly, of the Chinese Dongfeng. In fact, the French state never owned any shares in PSA before 2014 – the year when, after years of struggling, social plans and near bankruptcy, the Chinese Dongfeng was willing to invest in PSA. To balance their shares, the French state decided to buy a stake in the company, while the Peugeot family lost the majority for the first time.

However, the merger between PSA and FCA had a prequel, namely, the failed merger between FCA and the other main French car manufacturer, Renault, allied to the Japanese Nissan.⁸³ Contrary to PSA, Renault was nationalized following WWII. If it has been privatized since then, the French state has always kept important shares in the company and remains nowadays the main investor in Renault with shares that amount to 15%.⁸⁴ Thus, when in the end of May 2019, the Italo-American Fiat Chrysler Automobile (FCA) publicly proposed a merger to Renault-Nissan, the French state, as the principal stakeholder, had to give an answer. At first, the Economics minister Bruno Le Maire enthusiastically welcomed the bid, talking about a “nice opportunity” and above all, about the creation of “European champion”.⁸⁵ Yet, the minister quickly set several conditions to allow the merger so that eventually, FCA withdrew its offer. The main obstacle was that Le Maire made the support of Nissan a necessary condition to allow the merger, support that the Japanese constructor never gave.⁸⁶ The evocation of a European champion thus had very little value, as the government prioritized the alliance with the Japanese side.⁸⁷

Very soon after the failed rapprochement between Fiat and Renault, in October 2019, the Italian group renewed its bid for Renault's national competitor, PSA Peugeot-Citroën.⁸⁸ Immediately, the very large majority of the French national press welcomed the merger. Obviously, the fact that the French group PSA will have a small advantage in the decisional structure of the new conglomerate played a positive role to rally the supports of all the commentators.

⁸² *Le Figaro*, February 26, 2020.

⁸³ The alliance was set in 1999. Together they form the 3th biggest car manufacturer in the world.

⁸⁴ *Les Echos*, June 6, 2019.

⁸⁵ *Ibid.*

⁸⁶ French Economics Ministry, Press release, June 6, 2019.

⁸⁷ *Ibid.*

⁸⁸ *Le Figaro*, October 31, 2019.

3.3.2 The relative absence of a European rhetoric

In this case, there was hardly any use of a European rhetoric. Le Maire welcomed the merger as a “very good news for France, for Europe and for our car industry. It represents an important step in the creation of a European champion, fourth car maker in world”.⁸⁹ Nonetheless, this mention of Europe is hardly the only one as neither the commentators nor the CEO themselves made any reference to Europe in any statement. Even in Le Maire’s rhetoric, the emphasis is put on the competitiveness of the new group in the global market – strong both in North America and in Europe – and on the growth opportunity it offers to PSA. The latter aspect probably contributed to the relative support displayed by the French trade-unions for this merger.⁹⁰ Overall, this merger is welcomed for the new markets it will open to PSA *outside* of Europe, and the financial resources it will provide to face the global competition and the gradual transition towards electrification.

National self-interest is thus very salient in this case. The commentators underlined the fact that the French factories were almost overwhelmed, in contrast with the Italian factories which were working at only 50% of their capacities – thus implying that if the new group would cut jobs, it would happen probably in Italy and not in France.⁹¹ Moreover, this merger is taking place after an intense episode in the Franco-Italian bilateral relations, marked on the one hand by diplomatic tensions between the two governments in the summer 2018,⁹² and by other large M&As between the two countries. Indeed, the French Essilor and the Italian Luxxotica merged in 2017, the former being the world's number one manufacturer of lenses and contact lenses, while Italy's Luxottica is the leading frame manufacturer. Meanwhile, Fincantieri was negotiating the takeover of Les Chantiers de l’Atlantique. Thus, one could be tempted to conclude that the salient national rivalry with Italian companies might be due to the perception of Italy among the French audience – that it is not the “core” of Europe, but rather a “periphery” or even in a way a “little brother” of France. However, the takeover of Opel by PSA in 2017, a company still largely perceived as “German”, entailed more a national celebration than the praise of a Franco-German or European enterprise.

⁸⁹ *Le Figaro*, December 18, 2019.

⁹⁰ *Le Monde*, December 19, 2019.

⁹¹ *Ibid.*

⁹² *Le Monde*, 13 June 2018.

The absence of any sign of European patriotism has in fact several explanations. Firstly, this merger has a large familial aspect, as the two merging parts are still highly linked and associated with the Peugeot and Agnelli families. This merger is often framed as a “marriage” between two “dynasties”. As a consequence, the merger is more easily presented as a struggle between a French family and an Italian one, eventually leaving much less room for European patriotism. For many commentators, if the Peugeot family agreed to have substantially less shares than the Agnelli, it is because if put together, the shares of the Peugeot *and* the French state are superior to the Agnelli’s. In short, the familial aspect of the merger encourages the usage of a national rhetoric rather than a European one.

Secondly, the structure of the market in the car industry differs radically from the previous cases, as it remains a very competitive market globally. In the Alstom-Siemens case, the merger would have created the *only* European railway company, competing with the Chinese giant and the Canadian Bombardier, while Alcatel takeover by Nokia left the new entity facing the Chinese Huawei, ZTE, and the Swedish Ericsson. In contrast, the rapprochement between FCA and PSA will “just” create another big European competitor, along with for instance Volkswagen or Renault-Nissan.

The structure of this market also points to a third element, which is namely the absence of any “Chinese threat”. Indeed, so far there is no Chinese car manufacturer able to compete with the Europeans, so that the size argument – that European firms need to grow if they want to compete with China – is not valid. In this market, China represents more an opportunity than a threat, with possible investors and above all, a huge domestic market.

In addition, comes the fact that FCA itself is not completely European either, as it has a highly American aspect – Chrysler. The role played by these non-European components underscores the difficulty in defining who is an insider and who is an outsider. With Alstom and Alcatel, it is clear and obvious that the competition *against* Chinese giants is the underlying idea that justifies the creation of a European champion. In PSA’s case, not only does not the former outsider represent any threat, but it even becomes an insider as PSA itself was more or less “saved” by the Chinese company Dongfeng’s entry to the capital in 2014. Therefore, it becomes hard, if not impossible, to talk about Chinese firms as threatening French and European interests in the car manufacturing sector.

Last but not least, the merger between PSA and FCA will not entail the disappearance of the French company, as it is the case with Alcatel, or would have been the case with Alstom.

On the contrary, the merger is supposed to reinforce the French side. Hence, according to Jacquot & Woll's typology, the *usage of legitimacy* of Europe that we found in the two previous cases is not justified with PSA. There is indeed no need to justify the *loss* of a French champion, because this case is about the celebration of a merger which will benefit mainly to France.

Conclusion

Our study shows the opportunistic use of Europe by the actors, either for strategic or legitimacy purposes. In the French context where the public sentiment largely dismisses globalization in favor of the European integration process, European economic patriotism reveals itself through recurring tropes which frame Europe as the only viable champion able to fight in the international arena – champion also often nicknamed Airbus.

The salience of European patriotism does not come from the nationality of the company involved. Even though the Franco-German relations might add another patriotic layer, somewhat in-between the national and the European patriotism, this partnership is not so determinant. European economic patriotism is more related to the sector and the structure of the market in that sector. It is used in case it is the *last* French company that will disappear to the benefit of a bigger and single European actor.

The European rhetoric is thus mainly used to legitimize what otherwise would be a simple loss. If the absorption of a former national champion into a European champion could be considered as positive among the French audience, it is because it became accepted that a powerful Europe is beneficial for France. As Robert Frank puts it, “France might accept a loss of its national sovereignty for the sake of its national interest (more wealth, more influence)”. Writing in 2002, he also stated that “in many French views, Europe must be ‘a powerful Europe’, able to hold its own alongside its American ally”.⁹³ It should now be added that, according to French views, Europe must be powerful not only alongside its American ally, but also *against* a rising and threatening China. Indeed, what these cases illustrate is that a powerful Europe defended by European champions and the rise of threatening Chinese champions are the two sides of the same coin.

⁹³ Frank, 324-325.

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