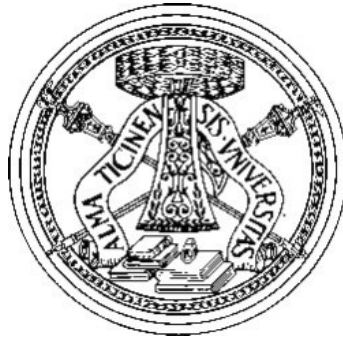


**UNIVERSITA DEGLI STUDI DI PAVIA**  
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**Relations**



**AVIATION AND FRENCH POLITICAL IDENTITY:**  
**BETWEEN TRANSFORMATION AND STRATEGIC**  
**REDEFINITION**

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## ABSTRACT

This thesis examines the relationship between French national identity and aviation policy from the Second World War to the present day, and whether the successive adaptations of French aviation policy reflect a genuine transformation of that identity or its strategic redefinition through new institutional mechanisms. It argues that French political identity rests on three pillars: grandeur, sovereignty, and technocratic prestige. These pillars, far from disappearing under the pressures of European integration and globalization, have adapted and found new forms of expression over time. The thesis builds upon foundational and contemporary scholarship regarding French political culture, thereby contributing to the ongoing debate on the resilience of national identity in an era of Europeanization and globalization. The research traces the evolution of France and its political identity through four interconnected case studies: Air France, the Concorde, the birth of Airbus, and the Air France-KLM merger. It explains the shift from direct state ownership and unconditional subsidies to strategic shareholding, from unilateral command to negotiated governance, and from purely national strategies to what is called "Europeanized dirigisme": the use of EU institutions and frameworks as instruments to serve national objectives rather than as constraints. The thesis concludes that French national identity has been strategically redefined without experiencing a fundamental transformation. The instruments employed by France have changed, yet French identity has remained unchanged. These findings challenge narratives that portray Europeanization as a one-way process of convergence toward a liberal market model, and they enrich the broader literature on how national identities adapt to globalization while preserving their essential core.

## SOMMARIO

Questa tesi esamina il rapporto tra identità nazionale francese e politica aeronautica dal secondo dopoguerra ad oggi, chiedendosi se i successivi adattamenti della politica aeronautica francese riflettano una genuina trasformazione di tale identità o piuttosto una sua ridefinizione strategica attraverso nuovi meccanismi istituzionali. L'argomentazione centrale è che l'identità politica francese si fonda su tre pilastri: grandeur, sovranità e prestigio tecnocratico. Questi pilastri, lungi dallo scomparire sotto le pressioni dell'integrazione europea e della globalizzazione, si sono adattati e hanno trovato nel tempo nuove forme di espressione. La tesi si fonda sulla letteratura classica e contemporanea relativa alla cultura politica francese, contribuendo così al dibattito in corso sulla resilienza dell'identità nazionale in un'era di europeizzazione e globalizzazione. La ricerca traccia l'evoluzione della Francia e della sua identità politica attraverso quattro casi di studio interconnessi: Air France, il Concorde, la nascita di Airbus e la fusione Air France-KLM. Essa spiega il passaggio dalla proprietà statale diretta e dai sussidi incondizionati alla partecipazione azionaria strategica, dal comando unilaterale alla governance negoziata, e dalle strategie puramente nazionali a quello che viene definito "dirigismo europeizzato": l'uso delle istituzioni e dei quadri normativi dell'Unione europea come strumenti al servizio degli obiettivi nazionali, piuttosto che come vincoli. La tesi conclude che l'identità nazionale francese è stata ridefinita strategicamente, senza aver subito una trasformazione fondamentale. Gli strumenti impiegati dalla Francia sono cambiati, ma l'identità francese è rimasta invariata. Questi risultati mettono in discussione le narrazioni che presentano l'europeizzazione come un processo unidirezionale di convergenza verso un modello di mercato liberale, e arricchiscono la letteratura più ampia su come le identità nazionali si adattano alla globalizzazione preservando il loro nucleo essenziale.

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# INTRODUCTION

Why does France continue to consider strategic industries as instruments of national prestige, even when this approach goes against market logic and European Union rules? France's constant defense of its industrial companies, even after decades of liberalization, is an expression of a deeply rooted French political identity that has shaped the country's approach to strategic sectors for centuries. To understand French industrial policy, and in particular its aviation policy, one must look beyond economic explanations and examine the cultural and historical foundations of the French state itself.

To this end, the subject of this thesis lies at the intersection of three areas of academic research: political culture, national identity, and industrial policy. France has long been considered a special case among Western democracies, and its unique conception of the state has generated ongoing interest from researchers. This thesis engages with foundational and contemporary scholarship on French political culture, including the work of Hoffmann, Crozier, Bernstein, Cole, Hazareesingh, and Bourdieu, to develop its analytical framework. This research contributes to this literature by focusing on the relationship between French political identity and its industrial policy in the aviation sector. It examines how identity has shaped policy and how that identity has adapted in response to external pressures. The significance of this topic lies in what it reveals about the resilience of national identity in the face of pressures from European integration and globalization.

To explore this issue, the thesis is organized around the following research question: How has French national identity, structured around state sovereignty, technocratic prestige, and the ideal of *grandeur*, shaped the aviation sector since the Second World War, and to what extent do successive adaptations of aviation policy, in the context of European integration and globalization, reflect a transformation of this identity or its strategic redefinition through new institutional mechanisms?

This question requires tracing the evolution of French aviation policy over more than half a century, from the postwar era of “national champions” to the present day. It involves analyzing what France has done and why it has done so, as these choices reveal a lot about the deeper structures of French political identity. Finally, it requires an assessment of whether the

adjustments imposed by European integration and globalization have fundamentally altered that identity or whether they have instead constrained it to find new forms of expression.

To achieve this, the thesis adopts a case-study approach that is both qualitative and grounded in historical context. The methodology used is institutional, drawing on primary and secondary sources including government documents, archives, academic works, and press articles. These sources enable an analysis of the evolution of French aviation policy through four interrelated case studies. Each of them is chosen to highlight a different aspect of the relationship between political identity and industrial policy, particularly in the context of European regulations and globalization. The first case study examines Air France's role in the postwar period as a vehicle for French civilization. The second one focuses on the Concorde, an incredibly ambitious industrial project in the history of postwar France. The third one examines the birth of Airbus and how the French state had to adapt to new external constraints while maintaining national control over critical decisions. The fourth and final case study covers the 2004 Air France-KLM merger.

The thesis is divided into four chapters. Chapter 1 establishes the theoretical framework, defines the pillars of French political identity, situates them within the broader scholarly debate on French political culture, and traces their historical development.

Chapter 2 examines the expression of French identity during the national champions era and analyses three interconnected case studies on Air France, as a projection of state power and national service, the Concorde as the purest symbol of France's civilizational ambition, and the birth of Airbus, a sign of the first step toward adaptation.

Chapter 3 analyses the pressures that have gradually weakened the institutional foundations of the French dirigiste model by looking at several levels of pressure, such as threats to identity, political changes and strategic adaptations.

Chapter 4 examines the successive adaptations implemented by France in response to the pressures presented in the previous chapter, and assesses whether they represent a genuine transformation of French national identity or rather a strategic redefinition through new institutional mechanisms. The chapter concludes by analyzing the nature of these adaptations.

The conclusion summarizes the main findings of the thesis, answers the research question, and examines the broader implications of the argument for understanding the links between national identity, European integration, and globalization. It also acknowledges the limits of the study and reflects on new possibilities for future research.

# CHAPTER 1: FRENCH NATIONAL IDENTITY AND THE LOGIC OF STATE-LED INDUSTRY

## 1.1 The foundations of French political identity

Before examining how French political identity has shaped the aviation sector, it is essential to define what is meant by "French political identity". This section presents the three pillars that constitute it, places them within the broader academic debate on French political culture, and explains their relevance to understanding French industrial policy in strategic sectors. France persists in considering strategic industries as instruments of national prestige, even when it conflicts with market logic and European Union rules. A striking example is that the Concorde was financed without regard for commercial feasibility. The same is true of the French state's continued support for Air France and Airbus, even after decades of liberalization. Therefore, it is important to refer to the academic literature on French political culture.

As John Girling observes, the Gaullist era marked the "culmination of French 'exceptionalism'" in terms of economic protectionism, state-owned enterprises, an elitist power structure, and a foreign policy of grandeur.<sup>1</sup> Thirty years later, these aspects have evolved. However, the conviction that France has a unique role to play in the world and that this role requires a powerful state capable of directing strategic industries remains. The question is how French exceptionalism has adapted over time. Pernille Rieker notes that references to historical exceptionalism are often fostered by periods of decline.<sup>2</sup> After centuries of dominance in Europe, France began its decline after the First World War. The humiliation of the Second World War with the collapse of the Third Republic, the Vichy collaboration, and the exclusion from the post-war peace conferences, profoundly marked the French collective consciousness. As Charles de Gaulle wrote, "All my life, I have had a certain idea of France. [...] France cannot be France without grandeur."<sup>3</sup> This conviction that France must aim for the "first rank" has guided its foreign and industrial policy ever since.

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<sup>1</sup> John Girling, *France: Political and Social Change* (London: Routledge, 1998), 1.

<sup>2</sup> Pernille Rieker, "French Status Seeking in a Changing World: Taking on the Role as the Guardian of the Liberal Order," *French Politics* 16, no. 4 (2018): 419.

<sup>3</sup> Charles de Gaulle, *Mémoires de guerre : L'Appel 1940-1942* (Paris: Plon, 1954), 1, quoted in Rieker, "French Status Seeking," 420.

The study of French political culture is part of a long and rich tradition. The foundational works of Stanley Hoffmann and Michel Crozier published in the 1960s established the grounds for this debate. Hoffmann, a Harvard political scientist and a refugee from Nazi Germany, became one of the most influential analysts of French political life. He described a "stalemate society" where French citizens combined individualism with respect for state authority, thus creating a paradoxical political culture that was both rebellious and authoritarian.<sup>4</sup> Hoffmann argued that French society was characterized by a deep contradiction: the French people were individualistic and suspicious of collective action, but they considered the state to be the supreme arbiter of national life and the guarantor of the general interest. This paradox resulted in a political system that seemed to be stable but prone to sudden and explosive crises.

Michel Crozier, a French sociologist, similarly observed that French people were torn between blind submission to the state and insurrectional eruptions against it.<sup>5</sup> Crozier analyzed the French administrative system and found that it is characterized by rigid hierarchical structures, impersonal rules, and a fear of direct confrontation. French bureaucrats prefer to hide behind regulations rather than take responsibility for decisions, thus creating a system that is both highly centralized and deeply inefficient. For Crozier, this results in a vicious circle where the state's inability to reform itself produces popular frustration, further reinforcing the bureaucracy's defensive posture.

These interpretations captured a central characteristic of French political life: the state is both an instrument of governance and a source of national identity. Hoffmann and Crozier wrote during the *Trente Glorieuses*, a period of rapid modernization in France. Their analyses aimed to explain why a country with such a strong tradition of state-led development seemed so resistant to change in social and administrative practices. Their work laid the foundation for decades of research on French political culture, shaping how generations of political scientists have understood the relationship between the state and French society.

A more recent work has refined and challenged these foundational analyses. Serge Bernstein, a historian of the Third Republic, and his co-authors, argue that French political culture is composed of multiple political cultures, such as republican, socialist, liberal, and traditionalist, which coexist and compete.<sup>6</sup> Therefore, Bernstein rejects the idea of a single and

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<sup>4</sup> Stanley Hoffmann, "Paradoxes of the French Political Community," in *In Search of France*, ed. Stanley Hoffmann et al. (Cambridge, MA: Harvard University Press, 1963), 3-10.

<sup>5</sup> Michel Crozier, *The Bureaucratic Phenomenon* (Chicago: University of Chicago Press, 1964), Chapter 11.

<sup>6</sup> Serge Bernstein, Pierre Milza, and Jean-Louis Bianco, *Les cultures politiques en France* (Paris : Seuil, 2003), introduction.

unified French political culture and instead, he emphasizes the diversity of political traditions that have shaped French history.

Alistair Cole, a British political scientist specialized in French politics, points out that, even though Hoffmann's thesis on the "stalemate society", was influential, it has been criticized for being very negative and static, and failing to account for the dynamism of French political development.<sup>7</sup> Cole notes that France has undergone profound changes since the 1960s, including the consolidation of the Fifth Republic, the alternation of left and right in power, and the integration of France into the European Union. These elements are difficult to reconcile with Hoffmann's image of a society incapable of change. Yet, Cole recognizes that certain features of French political culture identified by Hoffmann and Crozier, such as the centrality of the state and the prestige of the technocratic elite, have proven extremely strong.

Other scholars have sought to move beyond Hoffmann-Crozier's analytical framework by developing new concepts and approaches. For instance, Sudhir Hazareesingh, a historian of French political thought, offers a more positive view of French political culture by emphasizing the role of intellectual traditions in shaping a unique French "political imaginary."<sup>8</sup> For Hazareesingh, the French attachment to the state reflects a deep belief in the capacity of political action to transform society. This optimistic view coexists with a more pessimistic current of French thought that emphasizes the fragility of the social order and the constant threat of decline. The tension between the revolutionary faith in progress and the anxious fear of decadence constitutes, for Hazareesingh, the defining characteristic of modern French political culture.

Furthermore, the debate on French political culture has been deepened by the work of Pierre Bourdieu, who analyzed the French state as a "meta-field" concentrating different forms of capital (economic, cultural, symbolic), and exerting a structuring effect on all other social fields.<sup>9</sup> Bourdieu's concept of symbolic power is especially relevant for understanding how the French state maintains its authority. For Bourdieu, symbolic power is the power to impose legitimate visions of the social world, to define what counts as the "general interest" and to

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<sup>7</sup> Alistair Cole, "French Political Culture," in *Contemporary French Cultural Studies*, ed. William Kidd and Siân Reynolds (London: Routledge, 2017), Chapter 3: "French political culture: representations and realities".

<sup>8</sup> Sudhir Hazareesingh, *How the French Think: An Affectionate Portrait of an Intellectual People* (New York: Basic Books, 2015), 10.

<sup>9</sup> Pierre Bourdieu, *On the State: Lectures at the Collège de France, 1989-1992* (Cambridge: Polity Press, 2014), 367-368. See also Bourdieu, "Rethinking the State: Genesis and Structure of the Bureaucratic Field," in *State/Culture: State-Formation after the Cultural Turn*, ed. George Steinmetz (Ithaca, NY: Cornell University Press, 1999), 53-97.

designate the actors allowed to speak on behalf of the nation. Bourdieu argued that the French state is extremely powerful in this respect because it has succeeded in monopolizing the production and distribution of symbolic capital, from diplomas and cultural prestige to political legitimacy.

This thesis does not seek to settle these debates, but it draws on them to develop an analytical framework. Rather than providing an overview of French political culture as a whole, it identifies three pillars that are particularly relevant for understanding French industrial policy in strategic sectors like aviation. These three pillars are crucial because they capture the fundamental elements of French political identity that have shaped the country's approach to strategic industries. First, the ambition to rank among the world's leading nations, known as *grandeur*. Second, the determination to preserve national autonomy in the face of external pressures, which reflects sovereignty. And finally, the conviction that state authority derives its legitimacy from the intellectual and technical superiority of those who exercise it, which is technocratic prestige. These three pillars have evolved over time, adapting to new circumstances while preserving their essential logic. They also represent the dimensions of French political identity the most directly relevant to understanding French industrial policy in strategic sectors. The following sections trace this evolution through the history of French aviation and its influence on French political identity.

## 1.2 Defining French political identity through grandeur, sovereignty, and technocratic prestige

French political identity can be defined as a set of institutional arrangements or policy preferences, and also as a deeply rooted cultural framework that shapes how the French state understands its role, its ambitions, and its place in the world. Unlike liberal ideologies, which tend to perceive the state as a neutral mediator between competing social and economic interests, France has historically regarded the state as the primary engine of national greatness and the essential guardian of the collective destiny. As established in the previous section, this distinctive conception of statehood rests on three interconnected pillars: grandeur, sovereignty, and technocratic prestige. Together, they form the foundation of French political culture and continue, even today, to shape the country's approach to strategic industries.

The first pillar, grandeur, is most closely associated with Charles de Gaulle, who provided the most explicit and influential modern formulation of it. Girling observes that Gaullist specificity is associated with "a certain idea of economic growth, directed by the state and empowered by the public sector." It is thus associated with "an exalted notion of the state, centralized and efficient, designed to build national power and to serve the general interest."<sup>10</sup> Yet this idea predates De Gaulle by several centuries and has been a central theme in French political thought, from the absolutist monarchy of Louis XIV through the Napoleonic Empire and beyond. At its core, grandeur expresses the conviction that France is a civilization gifted with a universal mission. It bears a special responsibility to act on the global stage, and national decline is therefore a failure of civilization. This belief has had profound consequences for French industrial policy, as it has consistently led French governments to treat strategic sectors as instruments of national prestige to be protected and developed. Moreover, Rieker explains that references to "la grandeur de la France" have been used to legitimize an ambitious foreign policy agenda.<sup>11</sup> Aviation, as the most visible and technologically sophisticated of industrial sectors, became a privileged vehicle for the expression of grandeur.

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<sup>10</sup> John Girling, *France: Political and Social Change* (London: Routledge, 1998), 1.

<sup>11</sup> Pernille Rieker, "French Status Seeking in a Changing World: Taking on the Role as the Guardian of the Liberal Order," *French Politics* 16, no. 4 (2018): 422.

The second pillar, sovereignty, goes beyond its traditional legal definition of an independent state. In the French tradition, sovereignty represents the state's ability to direct national life economically, technologically, and culturally, without depending on foreign powers or market forces. As Jean-Michel Eymeri-Douzans observes in his analysis of the French Neo-Weberian State, the French trajectory of state-building has produced a real "State-in-Majesty" with "the long-lasting and probably exaggerated pretension to act as an immodest State which exerts a tutelary benevolence in and over society."<sup>12</sup> Sovereignty is a substantive rather than formal concept, implying both the right and the duty of the state to intervene wherever the national interest is at stake. Eymeri-Douzans notes that the French State has exercised "wide control over and strong interventionism in the financial economy."<sup>13</sup> This interventionism was justified by a consistent legitimizing theory, rooted in the concept of the "general interest", which confers the state the responsibility and authority to govern according to the law and to serve society by providing public services.<sup>14</sup> This explains why France has historically resisted external constraints on its industrial policy with particular tenacity, whether it be American economic hegemony during the Cold War, the pressures of globalization, or the competition rules of the European Single Market. For the French state, sovereignty is a substantial capacity to be exercised, not simply a formal right.

The third pillar, technocratic prestige, reflects the belief that state authority gets its legitimacy from a democratic mandate and from the intellectual and technical superiority of those who exercise it. In France, this elite is formed within a specific set of institutions such as the Grandes Écoles, most notably the École Polytechnique and the École Nationale d'Administration, and is directed toward public administration through the Grands Corps. Eymeri-Douzans describes how the French politico-administrative regime has produced a "true 'State nobility'" whose members enjoy a "lifelong passport for quick and successful careers."<sup>15</sup> This elite understands its role as the fulfillment of a national mission. The result is a political culture in which technical competence and public service merge into a single identity, and where the boundary between state authority and industrial management is deliberately blurred. As this thesis will demonstrate, this fusion has had direct and lasting consequences for the governance of the French aviation sector. Furthermore, Rieker observes that the training of senior civil

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<sup>12</sup> Jean-Michel Eymeri-Douzans, "The French Neo-Weberian State: A Hybridized and Resilient Model for Turbulent Times," *Journal of Public Sector Studies* 39, no. 3 (2024): 2-3.

<sup>13</sup> Eymeri-Douzans, "The French Neo-Weberian State," 3.

<sup>14</sup> *Ibid.*, 2.

<sup>15</sup> *Ibid.*, 3-4.

servants in the "Grandes Écoles" provides the elites with a "certain spirit of the Republic" that emphasizes "excellence, but also a certain narrative of French history, politics and interests, which in the end reproduces and fortifies the concept of French exceptionalism and its universal mission."<sup>16</sup>

These three pillars have not always been as visible throughout French history. The Third Republic actively suppressed the technocratic ambitions that the postwar state would later embrace. But these pillars remained available as sources of political identity, ready to be mobilized when the institutional context allowed to do so. Grandeur explains why France invests in prestigious projects like the Concorde and continues to support Airbus as a symbol of French technological excellence. Sovereignty explains why France resists external constraints on its industrial autonomy, even when operating within the EU framework. Technocratic prestige explains how the French state maintains influence over strategic industries even when formal ownership structures change, through strategic shareholding and the placement of Grands Corps engineers in executive positions. These three pillars are distinct but closely linked empirically. The same elite that embodies technocratic prestige is also the source of grandeur and the guardian of sovereignty. And the institutions that reproduce the elite also spread the values of grandeur and sovereignty. Taken together, the three pillars constitute a distinctive political identity that has shaped French institutional design, foreign policy, and industrial strategy for centuries. This thesis will argue that these pillars have not disappeared under the pressures of European integration and globalization. On the contrary, they have adapted, finding new forms of expression. The following sections trace the historical formation of the pillars through the Colbertist tradition and the institutionalization of the Grands Corps, before examining their expression in the aviation sector.

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<sup>16</sup> Rieker, "French Status Seeking," 430.

### **1.3 Colbertism and dirigisme: expressions of French political identity in economic policies and industrial strategies**

When analyzing French political culture, it is essential to look beyond the postwar period, during which state interventionism reached its institutional maturity, and examine the deeper historical roots from which it emerged. The economic doctrine of Colbertism, the social equilibrium of the Third Republic, and the devastating upheaval of the Second World War together constitute the three levels of the political identity that shaped France's approach to strategic industries throughout the twentieth century. It is crucial to treat dirigisme as an expression of what France believes itself to be.

The economic concept of Colbertism emerged in France in the 17th century under Jean-Baptiste Colbert, minister of Louis XIV from 1661 to 1683. Colbert's doctrine rested on a simple but powerful logic: national power depends on economic strength, economic strength depends on industrial capacity, and industrial capacity cannot be left to the unpredictable forces of the market. The state must therefore actively identify strategic sectors, invest in them, protect them from foreign competition, and use them as instruments of national greatness. What made Colbertism distinctively French was its cultural ambition. Industry was a projection of state power and national prestige, not simply a source of wealth. The manufactures royales that Colbert established, such as textiles, glassware, and tapestries, were demonstrations of French civilizational capacity, proof that the French state could produce at the frontier of what human skill and organization could achieve. The logic was aesthetic and political before it was economic.

This unique fusion of state power and industrial ambition established a model that has proven extraordinarily enduring. It has anchored in French political culture the conviction that the national interest and the market interest are not one and the same, and that when they diverge, it is the market that must cede. It has also established the state as the legitimate and necessary director of industrial life, as an active protagonist in the economic theatre of national greatness. As Hall has argued, the French model of state intervention is fundamentally different from that of other liberal democracies, both in its scale and in its philosophical foundations. Where other states intervene in the economy as a temporary correction of market failures, the

French state intervenes as a natural expression of its identity and its mission.<sup>17</sup> In this sense, Colbertism is not merely an economic doctrine but a political theology. It is a set of beliefs about the proper relationship between state authority and economic life that is prior to, and independent of, any calculation of economic efficiency.

To understand why this Colbertist tradition produced the particular form of postwar dirigisme that would shape French aviation policy, it is necessary to understand what it was reacting against. Stanley Hoffmann's analysis of the effects of the Second World War on French society offers the most in-depth analysis of institutional and cultural requirements that the postwar dirigiste state both inherited and transformed.<sup>18</sup> Hoffmann's central argument is that France during the Third Republic was based on what he calls the "stalemate society", that is a social and economic equilibrium designed not to promote growth or industrial ambition but to preserve stability and protect existing hierarchies.<sup>19</sup> The basis of this balance was the predominance of a bourgeoisie composed essentially of independent producers: artisans, shopkeepers, peasants, small business owners, who had no interest in a rapid industrialization that would disrupt the social order from which they benefited. Hoffmann argues that economic change was welcome, but only when it could be absorbed within pre-existing frameworks without threatening the traditional way of life. The state's role was not to direct the economy toward ambitious national goals but to protect this fragile equilibrium through legislation, tariffs, and administrative intervention.<sup>20</sup>

The political institutions of the Third Republic were, as Hoffmann shows, perfectly calibrated to perpetuate this social order. Parliament was supreme but immobile; parties were primarily parliamentary collections of local fief-holders whose function was to occupy power rather than to govern; Governments came and went at a rapid pace, each at the mercy of shifting coalitions in a legislature that reflected not national ambitions but local interests. The state was wedded to the social status quo. It was neither industrial nor truly reformist, but politically doctrinaire and economically struggling.<sup>21</sup> The result was a France that certainly had access to the Colbertist tradition of state-led industrial ambition, but which systematically failed to put it

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<sup>17</sup> Peter A. Hall, *Governing the Economy: The Politics of State Intervention in Britain and France* (Oxford: Oxford University Press, 1986), 165–166.

<sup>18</sup> Stanley Hoffmann, "The Effects of World War II on French Society and Politics," *French Historical Studies* 2, no. 1 (1961): 28–63.

<sup>19</sup> Hoffmann, "Effects of World War II," 28–29.

<sup>20</sup> *Ibid.*, 31.

<sup>21</sup> *Ibid.*, 31.

into practice, because the social forces that controlled its political institutions had no interest in the kind of creative destruction that true industrialization requires.

This is the paradox at the heart of pre-war French political economy: a state with a powerful tradition of industrial dirigisme, operating within social and political structures that systematically blocked its expression. The interwar period brought this contradiction to a crisis. The Great Depression shattered the economic equilibrium on which the stalemate society depended, and the political institutions of the Third Republic proved too weak and too fragmented to respond effectively. As Hoffmann demonstrates, the result was not an economic crisis but a legitimacy crisis: a widespread conviction, shared across the political spectrum from the Resistance left to the Vichy right, that the old model of a passive, equilibrium-preserving state had become untenable.<sup>22</sup>

The Second World War and the Vichy period constitute, according to Hoffmann, the decisive rupture that made postwar French dirigisme possible. The paradox he identifies is that the institutional infrastructure of postwar state-led industrial policy was largely created, against its own intentions, by the Vichy regime itself. Vichy's original ambition was the opposite of dirigisme in the modernizing, industrial sense. Its philosophy was the restoration of a "société communautaire", which is a return to the land, to tradition, to organic community, to the values of what its ideologues called *la France réelle* (the real France) against the corrupted parliamentarism of *la France légale* (the legal France).<sup>23</sup> Yet the demands of defeat and occupation forced Vichy into a form of industrial organization that directly contradicted these agrarian ideals. To administer the restrictions imposed by the German occupation, to prevent the Germans from controlling the French economy directly, and to manage the allocation of limited resources, Vichy was forced to create a network of sectoral business committees that brought together civil servants and industrial managers in close and systematic collaboration. As Hoffmann observes, in these bodies "civil servants and managers learned to run the show together."<sup>24</sup>

The men who ran these committees were not the conservative notables and small business proprietors whom Vichy's ideology favored. They were, as Hoffmann shows, a new generation of managers, delegates of big business rather than small enterprises, men who were

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<sup>22</sup> Ibid., 32–33.

<sup>23</sup> Ibid., 39.

<sup>24</sup> Ibid., 49.

less reluctant to break with economic Malthusianism than their predecessors. They were men for whom the state could be a guide rather than an enemy or a servant.<sup>25</sup> In this context, the influence of Jean Bichelonne, Vichy's minister of industrial production and a graduate of the École Polytechnique, was particularly significant. Hoffmann calls him the "father of professional statistics in France" and he argues that his overall activity as Minister of Industry marked a decisive break with the past tradition of a civil service whose involvement in economic affairs was limited mainly to the protection of special interests. Bichelonne's administration, in Hoffmann's formulation, "initiated practices of cooperation which the Monnet Plan later institutionalized."<sup>26</sup> This is a key mechanism of transmission. The institutional structures through which postwar French dirigisme was exercised, such as planning commissions, or the close collaboration between engineers from the Grands Corps and business leaders, were not invented after the Liberation. They were inherited from the Vichy regime, reoriented toward the goals of modernization and growth, and provided with new democratic legitimacy thanks to the Resistance's programs, which had concluded that a more active and interventionist state was essential to the reconstruction of postwar France.

The Resistance contribution to this transformation was ideological rather than institutional. Vichy had created the organizational structure and the Resistance provided the political mandate. Hoffmann demonstrates that the programs of Resistance movements contained, alongside their attacks on economic feudalism and corporatist dictatorship, a clear request for a new economic system in which the state would direct the economy after consultation with representatives of economic interests.<sup>27</sup> Planning by the state, nationalization, large public investments, state control over cartels and capital movements: these were not the demands of a revolutionary left. It was the mainstream program of the Resistance coalition, reflecting a broad consensus that the "economic liberalism" of the pre-war period had been nationally catastrophic.

The result, as Hoffmann explains, was a strange paradox: two movements that fought each other with great resentment, Vichy and the Resistance, cooperated without knowing it in preparing France for a new social and economic order.<sup>28</sup> Vichy brought into existence the social and institutional infrastructure that could become the channels for state action; the Resistance brought to power the teams of engineers, civil servants, and politicians determined to use those

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<sup>25</sup> Ibid., 42.

<sup>26</sup> Ibid., 49.

<sup>27</sup> Ibid., 41.

<sup>28</sup> Ibid., 60.

channels for economic modernization. Without the impact of defeat, the German occupation, and the sudden and brutal confrontation with the industrial dynamism of Germany and the United States, the Colbertist tradition might have remained forever stuck by the same social forces that had blocked it during the Third Republic.

It is in this historical context that the full scope of postwar French state interventionism can be fully understood. When Jean Monnet launched the Planning Commission in 1946, when the nationalizations of 1944–46 placed key sectors of the French economy under state control, when the Grands Corps engineers took up their positions at the intersection of state authority and industrial management, they were not implementing a pragmatic economic program. They gave institutional expression to a set of beliefs concerning the links between state power, national greatness, and industrial ambition. These beliefs were deeply rooted in the Colbertist tradition and significantly reinforced by the experience of war. Cohen insists on this point by showing that French industrial policy has never been purely technocratic. Behind the language of efficiency and modernization lies a deeper set of convictions about what France is and what it owes to itself. The state supports strategic industries because they embody national values: technological sovereignty, engineering excellence, and the capacity to act independently on the world stage.<sup>29</sup> This is why sectors like nuclear energy, high-speed rail, and aviation have always received preferential treatment in France, regardless of their market performance. They are not simply industries; they are expressions of a civilizational vocation.

Hoffmann's analysis highlights this process. The war produced what he calls a “nationalist revival”. It was a rediscovery, paradoxically shared by both Vichy and the Resistance, of France as a national community, as well as a deep conviction that the humiliation France had suffered under the occupation could only be compensated for by national greatness.<sup>30</sup> The trauma of defeat did not make France more modest about its place in the world. It made it more desperate to prove that place. The investments of the postwar state in strategic industries were part of this nationalist imperialism. They were its most concrete expression because these industries demonstrated France's technological capacity, its independence from American or Soviet domination, and its capacity to project power and civilization onto the world stage.

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<sup>29</sup> Élie Cohen, "Industrial Policies in France: The Old and the New," *Journal of Industry, Competition and Trade* 7, no. 3–4 (2007): 213–27.

<sup>30</sup> Hoffmann, "Effects of World War II," 44.

Schmidt further demonstrates that when he explains that even when France was forced to adapt its industrial model to the pressures of European integration and globalization from the 1980s onwards, it did not abandon the underlying logic of Colbertism and dirigisme. Instead, it transformed the instruments while preserving the objectives, shifting from direct state ownership and subsidies toward more subtle mechanisms of influence such as strategic shareholding, public investment banks, and regulatory negotiation within European Union frameworks.<sup>31</sup> This evolution, which this thesis describes as "Europeanized dirigisme," confirms that Colbertism and dirigisme are not historical practices, but living expressions of a political identity that continues to shape French industrial strategy even today.

What emerges from this historical account is a picture of dirigisme as a cultural reflex, a pattern of thought and institutional behavior so deeply embedded in French political identity that it persists even when its immediate justifications change. The specific mechanisms through which the state exercises its authority over strategic industries have evolved a lot since Colbert. They have changed again since the postwar nationalizations, and again since the pressures of the Single Market began to constrain what the French state could legally do. But the underlying logic that the state has a duty to direct the national economy toward goals that the market alone cannot achieve, and that strategic industries are expressions of national identity rather than simple commercial enterprises, has proved deeply resistant to transformation.

This persistence is what makes dirigisme, as Hall observed, fundamentally different from the interventionist traditions of other liberal democracies.<sup>32</sup> It is not that French governments have been uniquely willing to intervene in the economy; many states intervene. It is that in France, such intervention carries a cultural legitimacy that it lacks elsewhere, because it draws on a political tradition in which the state is not the servant of civil society but its highest expression. As Hoffmann's analysis of the stalemate society makes clear, the history of France is a story of a powerful tradition that was repeatedly blocked by social forces resistant to its ambitions, and that only found its fullest expression in the exceptional circumstances produced by catastrophic defeat and national humiliation.<sup>33</sup> Postwar French dirigisme was born from desperation and the determination of a nation that had nearly ceased to exist by rebuilding itself

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<sup>31</sup> Vivien A. Schmidt, *From State to Market? The Transformation of French Business and Government* (Cambridge: Cambridge University Press, 1996), 298-300.

<sup>32</sup> Hall, *Governing the Economy*, 166.

<sup>33</sup> Hoffmann, "Effects of World War II," 28-29, 60.

through industrial greatness. It is this desperation, transformed into institutional ambition and cultural conviction, that the following chapters will trace through the history of the French aviation sector.

## 1.4 The Grands Corps and pantouflage: identity embedded in institutions

If Colbertism and dirigisme provide the ideological foundations of French political identity, and if the Second World war served as the historical turning point during which these foundations were reshaped to take on their postwar institutional form, then the Grands Corps de l'État and the practice of pantouflage represent the living mechanism through which this identity reproduces itself across generations. They are the channels through which the values of state sovereignty, technocratic prestige, and national grandeur are transmitted from one generation of French elites to the next, embedded in careers, networks, and the daily exercise of institutional authority. To understand how French political identity shapes the aviation sector, it is necessary to understand how this elite reproduces itself, and how it moves between the state and industry.

The origins of the Grands Corps lie, like Colbertism itself, in the ambitions of the absolutist state. The Corps des Ponts et Chaussées was established in 1716 and the École Polytechnique in 1794. They are products of a state that understood early that the systematic training and deployment of technical expertise was inseparable from the exercise of national power. But it was the upheaval of the Second World War and its aftermath that gave the Grands Corps their decisive role in the governance of modern France. Hoffmann's analysis of the wartime period is essential here. He shows that the Vichy regime, despite its agrarian and anti-technocratic ideology, was forced by the demands of occupation and economic management to place men of a new type in positions of industrial authority. In the business committees that Vichy established to administer the restricted wartime economy, it was delegates of big business and technically trained managers who ran things, rather than the small proprietors and conservative notables whom the regime's ideology favored.<sup>34</sup> These men, many of whom had passed through the Grandes Écoles and the Grands Corps, brought with them a set of convictions that were fundamentally at odds with Vichy's social philosophy: a belief in planning, industrial concentration, cooperation between the state system and industrial management, and in the link between organizational capacity and national power. Jean Bichelonne, the minister of industrial production and a graduate of the École Polytechnique, was the emblematic figure of this tendency. Hoffmann identifies him as the father of professional statistics in France and argues that his administration marked a decisive break with

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<sup>34</sup> Hoffmann, *Effects of World War II*, 42.

the prewar civil service tradition of passive protection of earned interests, initiating instead the practices of active state-industry cooperation that the Monnet Plan would later institutionalize.<sup>35</sup>

The Liberation did not abolish this system but it reoriented it. The business committees of Vichy became the sectoral organizations of the Fourth Republic. The engineers and civil servants who had learned, under the pressure of occupation, to run the state and industry together, became the technocratic core of the postwar planning system. Hoffmann explains this continuity: Vichy brought into existence social institutions which could become the channels for state action, and it gave a considerable boost to the tradition of men willing to serve as agents of organization, production, and industrialism. The Resistance then brought to power teams determined to use those channels for economic modernization.<sup>36</sup> The result was a system in which the Grands Corps, already the dominant force in the French civil service, acquired a new and expanded mandate: not simply to administer and regulate but to lead and to direct.

The Grands Corps de l'État are the elite administrative and technical bodies at the top of the French civil service. They are populated by graduates of the Grandes Écoles, most notably the École Polytechnique and the École Nationale d'Administration, who have been selected through one of the most competitive and rigorous educational filtering systems in the world. The most influential bodies include the Corps des Mines, historically responsible for industry, energy, and technology; the Corps des Ponts et Chaussées, responsible for infrastructure and transport; and the Inspection des Finances, responsible for economic and financial policy. Members of these bodies occupy simultaneously, and often interchangeably, key positions in ministries, state-owned enterprises, and major industrial groups. As Suleiman has shown, this elite is the state in the sense that its members share a common educational formation, a common set of values, and a common understanding of what France is and what it requires of its institutions.<sup>37</sup> The significance of this point is crucial. In most liberal democracies, the state is conceived as a set of institutions and rules that exist independently of the individuals who temporarily occupy them. In France, the state is also a set of people, a trained, self-conscious elite that understands its role as the exercise of a national mission. The Grandes Écoles are professional training institutions, but also the mechanisms through which French political

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<sup>35</sup> Ibid., 49.

<sup>36</sup> Ibid., 60.

<sup>37</sup> Ezra Suleiman, *Elites in French Society: The Politics of Survival* (Princeton: Princeton University Press, 1978), 9–10.

identity is reproduced at the individual level, shaping the values, the networks, and the instincts of each successive generation of state servants.

The educational experience of the *Grandes Écoles* is designed, deliberately and systematically, to produce a certain kind of person: one who understands the state's authority as resting on intellectual superiority rather than democratic mandate alone, and who regards the management of strategic national interests as the highest form of professional achievement. This is what Suleiman means when he argues that the French elite does not administer the state but is the state: its members have internalized a set of values that are inseparable from the institutional identity of the French republic itself. The result is a system of governance in which the distinction between the authority of institutions and the authority of persons is permanently blurred. Political identity is reproduced through the careers and convictions of an elite that carries its values with it across the boundary between public and private.

Unlike in Anglo-Saxon systems, where a strict separation between public administration and private management is considered both normal and desirable, in France the movement of senior civil servants between the two spheres is actively encouraged and structurally embedded. This is the practice known as *pantouflage*, which literally means "putting on slippers". It refers to the passage of high-ranking civil servants from positions of public authority to senior roles in the private sector, particularly in industries they once regulated or managed on behalf of the state. Lund argued that *pantouflage* is a structural feature of the French system that ensures the continuity of state influence over strategic industries even after formal privatization or liberalization.<sup>38</sup> This characterization captures something important. In the Anglo-Saxon framework, the movement of a regulator to a regulated industry is problematic because it suggests that the regulator's public authority has been captured by private interests. It means that the boundary between public and private has been dissolved. In the French framework, this movement is not seen as a dissolution of the boundary but as a different conception of it. If the civil servant and the industrial manager are both members of the same *Corps*, trained at the same institution, shaped by the same values, and driven by the same understanding of the national interest, then the transition from one role to the other does not represent a corruption of public authority. It represents its extension. The state's influence over strategic industries is sustained through *pantouflage*.

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<sup>38</sup> Christopher Lund, "Pantouflage in France: The Politics of State–Business Relations," *French Politics* 1, no. 2 (2002): 177–178.

This logic has a direct genealogy in the wartime experience that Hoffmann describes. The Vichy business committees placed technically trained managers from the *Grandes Écoles* in positions of industrial authority precisely because they trusted these men to align industrial decisions with national priorities, and to be agents of the state within the private sphere. The Liberation reoriented the ideological framework but preserved the institutional logic. The nationalizations of 1944–46 placed key sectors directly under state ownership, but even in sectors that remained formally private, the postwar settlement ensured that men trained in the *Grands Corps* would occupy positions of leadership. They carried with them the convictions and networks that linked industrial management to the exercise of state authority.

The consequences of this system for French aviation are well-documented. Throughout the postwar period, the leadership of both Air France and Airbus has been disproportionately recruited from the ranks of the *Grands Corps*, particularly the *Corps des Mines* and the *Corps des Ponts et Chaussées*. Eymeri-Douzans has noted that this pattern reflects a broader logic of the French state: by placing its own trained elite in positions of industrial leadership, it ensures that the management of strategic sectors remains aligned with national priorities, even when those sectors are formally exposed to market competition.<sup>39</sup> The result is a system in which the distinction between public governance and private management is permanently blurred, and in which French political identity, with its emphasis on state sovereignty and technocratic prestige, is reproduced through legislation and also through the daily decisions of an elite that has internalized its values.

Aviation was a natural choice for this elite for reasons that go beyond simple administrative convenience. The aviation sector embodies the combination of values that the *Grands Corps* were trained to serve, such as technical complexity demanding engineering mastery, strategic significance requiring state oversight, international visibility serving as a vehicle of national prestige, and the frontier quality of an industry that represents the extreme limits of human technological ambition. An aircraft is not a commercial product. In the French tradition, it is a demonstration of civilizational capacity. This is why the men who built and ran Air France and later Airbus were not drawn from the world of commercial management but from the world of state engineering, composed of men whose formation had taught them that the highest purpose of technical mastery was the service of national greatness.

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<sup>39</sup> Jean-Michel Eymeri-Douzans, "Les grands corps de l'État et la haute fonction publique," in *La politique en France*, ed. Pierre Mathiot and Olivier Rozenberg (Paris: Presses de Sciences Po, 2010).

Hoffmann's analysis helps explain why this connection between elite formation and industrial governance proved so resilient. He shows that the war had produced, on both the Vichy and the Resistance sides, a conviction that the economic decline of France was a national one, that France's position in the world depended on its capacity to organize and direct industrial production at the highest level of technical ambition.<sup>40</sup> The civil servants and businessmen, who experienced the shock of contact with German and American industrial dynamism during the occupation, came to understand how strong the link between industrial organization and political power was.<sup>41</sup> This vision became the founding principle of the postwar technocratic elite, and it explains why the engineers from the prestigious engineering schools who led the French aerospace industry in the postwar decades saw themselves first and foremost as agents of national reconstruction.

However, this system has not remained entirely static. Bauer and Becker have observed that the historical dominance of the Grands Corps has weakened since the 1990s, as corporate governance practices have become increasingly internationalized, and the influence of Anglo-Saxon management models has grown.<sup>42</sup> Several major French industrial groups have appointed executives without Grands Corps backgrounds. The prestige of the Corps themselves has declined relative to the private sector, as salaries and career opportunities in finance and consulting have become comparable to those of public service. The specific mechanism of the Grands Corps has weakened but the underlying logic that strategic industries require an elite capable of aligning industrial decisions with national priorities, and that this alignment is achieved through the formation of individuals has not disappeared. It has found new institutional expressions such as the strategic shareholding arrangements that preserved state influence in privatized companies, the public investment banks that substituted for direct subsidies, and the regulatory strategies pursued through European Union frameworks. These are the tools of Europeanized dirigisme, that is a model in which the instruments of state influence have been modernized and partially Europeanized, while the foundational conviction that the state has a duty to shape the trajectory of strategic industries in accordance with national ambitions has been preserved.

Hoffmann's paradox captures this persistence. He observed that the physical fragmentation of France under occupation, with the breakdown of communications, the division

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<sup>40</sup> Hoffmann, *Effects of World War II*, 57.

<sup>41</sup> *Ibid.*, 57.

<sup>42</sup> Michael Bauer and Stefan Becker, "The Politics of Policy Reforms in France," *Revue française d'administration publique* 151, no. 3 (2014): 548.

into administrative zones, and the isolation of communities had paradoxically produced a greater awareness of the nation-wide scope of economic problems and the need to address them at the level of a whole profession or sector rather than through local and individual pressures.<sup>43</sup> The same logic applies to the evolution of the Grands Corps: the partial erosion of their formal authority has produced a more sophisticated and less visible version of technocratic governance. The state no longer puts its engineers at the head of national champions as openly as it once did; but it retains, through networks, institutions, and the shared formation of an elite, the capacity to ensure that strategic industrial decisions continue to reflect national priorities, rather than purely market ones.

The central question that the following chapters will address is whether French political identity could survive the erosion of the institutional environment that had sustained it. They will examine the period in which that identity expressed itself without significant constraint: the national champions era from 1945 to the 1980s, when Air France, the Concorde, and the birth of Airbus demonstrated what French political identity looked like when it operated in its natural habitat. They will also analyze the pressures that progressively dismantled the institutional foundations of the French model, such as liberalization and globalization. Finally, the question will be whether the adaptations that France has developed in response to these new pressures represent a genuine transformation of French national identity or its strategic redefinition through new institutional mechanisms.

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<sup>43</sup> Hoffmann, *Effects of World War II*, " 43.

## **CHAPTER 2: FRENCH AVIATION AND THE POLICY OF NATIONAL CHAMPIONS: THE UNCONSTRAINED EXPRESSION OF IDENTITY (1945-1980s)**

The period from the end of the Second World War to the early 1980s represents the highest level of French political identity as expressed through aviation. Freed from the constraints that European integration and globalization would later impose, the French state was able to pursue its industrial ambitions in the aviation sector with a high degree of ambition and symbolic investment that would become impossible in later decades. This chapter examines how the three pillars of French political identity - grandeur, sovereignty, and technocratic prestige - found their most radical institutional expression during this period, through three closely related case studies: Air France as a projection of national service and state power, the Concorde as the purest symbol of French civilizational ambition, and the birth of Airbus as the first sign of adaptation within a framework of identity still free from any constraints.

### **2.1 Aviation as the natural carrier of French national ambitions after WWII**

The three pillars of French political identity, that are grandeur, sovereignty, and technocratic prestige, did not remain abstract cultural values. They materialized in concrete institutional decisions, and this has been most evident in the aviation sector. Aviation had not been chosen as a strategic national priority by accident. It was the natural expression of what France believed itself to be and what it aspired to become in the postwar world. To understand why aviation became the privileged domain of French industrial policy, it is necessary to examine three interrelated dimensions: the historical and symbolic resonance of flight in French political culture, the institutional reorganization of civil aviation after 1945, and the creation of a regulatory architecture designed to keep aviation under permanent state direction.

In the French imagination, aviation has never been a mode of transport or an industrial sector. From the earliest days of powered flight, France positioned itself at the forefront of aeronautical innovation. For example, the pioneering flights of Louis Blériot across the English Channel in 1909 were remarkable events. As Emmanuel Chadeau documents in his definitive history of French aeronautics, the period from 1900 to 1950 saw the progressive construction of a national aviation center in which the state, the military, and private manufacturers were

bound together in a relationship of mutual dependence that had no equivalent in other industrial sectors.<sup>44</sup> The establishment of the Aéropostale route which linked Toulouse to Dakar and stretched across the South Atlantic in the 1920s and 1930s was, as Chadeau argues, a projection of French civilizational ambition, a demonstration that France could organize and dominate the most technologically advanced and geographically expansive of industries.<sup>45</sup>

The romanticized figures of pilots, like Antoine de Saint-Exupéry, who were also philosophers of the French civilizing mission, contributed to a national narrative in which aviation was inseparable from French exceptionalism. To fly was to project France onto the world. To master the air was to demonstrate that French civilization remained at the cutting edge of human achievement. This symbolic significance gave aviation a cultural weight that other industrial sectors could not claim. The automobile industry, for all its economic importance, carried different associations: mass production, Americanism, and the democratization of mobility. Nuclear energy, which France also pursued with singular determination, was strategic but hidden behind the walls of the *Commissariat à l'Énergie Atomique*. Aviation, by contrast, was visible, glamorous, and public. Every takeoff from Le Bourget or Orly airports was a small performance of national capability. Every Air France aircraft landing at a foreign airport was a flying ambassador. The pilots, the engineers, and the executives who ran the sector were true public figures, celebrated in the press and honored by the state. This cultural visibility made aviation uniquely suited to serve as the vehicle of French grandeur because to be effective, grandeur must be seen.

The postwar period intensified this symbolic logic. France in 1945 was a defeated and humiliated nation. The Vichy regime had collaborated with the Nazi occupiers. The Third Republic had collapsed in disgrace. The French empire was already showing signs of the outcome that would produce devastating colonial wars in Indochina and Algeria. In this context of national trauma and imperial decline, the ability to project French power and French technological capability onto the world stage through a prestigious aviation sector carried an importance that went far beyond commercial logic. Aviation became, as the French government's own historical account notes, one of the primary vehicles through which France rebuilt its image of power and modernity in the postwar world. It became a therapy to heal national humiliation and a weapon against the sense of decline.

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<sup>44</sup> Emmanuel Chadeau, *L'industrie aéronautique en France, 1900-1950: De Blériot à Dassault* (Paris: Fayard, 1987), chapters 1-3.

<sup>45</sup> *Ibid.*, 214-218.

The institutional foundations of postwar French aviation were laid in a series of decisions taken in the immediate aftermath of the Liberation. On 26 June 1945, the French state issued a decree establishing the *Secrétariat Général à l'Aviation Civile et Commerciale*, separating civil aviation from military administration for the first time in French history. This was not an administrative reorganization, but a political statement of the highest order. By creating a dedicated civilian authority for aviation, the French state signaled that it intended to treat air transport as a strategic sector in its own right. The significance of this decision can be understood in the context of prewar French aviation. Before the war, French civil aviation had been fragmented, underfunded, and chaotic. The major airlines, as Air France had only been formed in 1933 through the fusion of several smaller airlines, operated without the kind of systematic direction that the French state applied to railways or other network industries. The military retained significant influence over aviation policy, reflecting the understanding of air power primarily as an instrument of national defense rather than civilian ambition. The 1945 reorganization changed radically this hierarchy. Civil aviation was no longer subordinate to military priorities. It was elevated to the status of a national project in its own right, with its own administrative system, its own budgetary resources, and its own claim at the attention of the highest levels of the state.

The timing of this reorganization was not coincidental. The year 1945 marked the beginning of the *Trente Glorieuses*, the three decades of exceptional economic growth that would see France rebuild and modernize its economy under strong state direction. The planners and civil servants who designed the postwar French state understood that economic modernization and national grandeur were inseparable. A France that remained technologically dependent on the United States or on its former European rivals could not claim the world-historical role to which its political culture aspired. Aviation, as the most technologically sophisticated and internationally visible of industrial sectors, was the natural frontier at which this ambition would be tested. Therefore, the state moved quickly to assert its authority over the sector, creating the *Secrétariat Général* and also a series of specialized agencies and public enterprises designed to give the state direct control over every segment of the aviation value chain.

The institutional framework established in 1945 was progressively consolidated and expanded over the following three decades. The creation of the Institut du Transport Aérien in 1945 provided a research and planning capacity aligned with state priorities. The nationalization

of Air France, which had been a mixed-ownership company since 1933, was completed in 1948, placing the national flag carrier under state control. The aircraft manufacturing sector was progressively consolidated through a series of nationalizations, culminating in the creation of Sud Aviation in 1957 and Aérospatiale in 1970, each of which brought together previously fragmented private and state-owned manufacturers under unified state direction. By the 1970s, the French state owned or controlled every major institution in French civil aviation: the airline, the manufacturers, the research agencies, and the regulatory authority.

The crowning achievement of this institutional consolidation was the creation of the Direction Générale de l'Aviation Civile (DGAC) in March 1976.<sup>46</sup> The DGAC brought together under a single administrative authority the regulation, certification, and strategic oversight of French civil aviation. It was responsible for air traffic control, airport planning, aircraft certification, pilot licensing, safety regulation, and the negotiation of bilateral air service agreements with foreign powers. In most countries, these functions are distributed across multiple agencies with different mandates and varying degrees of independence from political authority. In France, they were unified in a single institution designed as an instrument of state power. The DGAC's original structure revealed the scope of its ambition. It was organized around four central directorates: the Service des transports aériens, charged with restructuring air routes; the Direction de la navigation aérienne, responsible for traffic safety; the Service des bases aériennes, managing airport equipment and maintenance; and the Direction des programmes aéronautiques civils, which was directly involved in the Concorde and Airbus programs.<sup>47</sup> The inclusion of a dedicated directorate for aeronautical programs within the civil aviation authority was not a neutral administrative choice. It signified that the French state conceived of its role in aviation as an active protagonist in the development of aircraft themselves.

However, the DGAC was not a regulatory agency in the conventional sense. Its mandate extended beyond safety and technical certification to include the strategic direction of the sector. The DGAC was explicitly charged with promoting the development of French aviation, supporting French manufacturers, and ensuring that Air France remained a competitive and prestigious global airline. Its senior leadership was drawn from the same Grands Corps, the Corps des Mines, the Corps des Ponts et Chaussées, the Inspection des Finances, that supplied the leadership of Air France and the national aircraft manufacturers. This created a closed circuit

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<sup>46</sup> Archives nationales de France, "La Direction générale de l'aviation civile fête ses 50 ans," March 30, 2026.

<sup>47</sup> Ibid.

of elite authority in which the same individuals moved between the roles of regulator, operator, and industrial manager. The director of the DGAC might have previously served as the CEO of Aérospatiale and might subsequently become the chairman of Air France. This was not considered a conflict of interest. It was considered the normal operation of a system in which the state, the regulator, and the regulated industry were understood as different expressions of a single national project.

The historical continuity of the DGAC traces its origins to the Secrétariat général à l'aviation civile et commerciale (SGACC), created in September 1946, a year after the end of the war.<sup>48</sup> Its first secretary general was Max Hymans, who had been named to the post while the provisional government was still consolidating its authority over a liberated but devastated France. Hymans embodied the fusion of Resistance legitimacy and technocratic ambition that Hoffmann identified as the engine of postwar French modernization. The SGACC became the Secrétariat général à l'aviation civile (SGAC) in the 1950s, and finally the DGAC in 1976. The transformation was in name only. The institution's mission, its elite composition, and its conception of the relationship between state authority and industrial development remained stable across three decades and three administrative reorganizations. This stability reflects the strength of the dirigiste consensus that the war had produced and that the postwar order had institutionalized

For three decades, from 1945 to the mid-1970s, this model proved remarkably effective in achieving the objectives the French state had set for it. French aviation was technologically advanced, internationally visible, and a genuine source of national pride. Air France was consistently ranked among the world's most prestigious airlines. French aircraft manufacturers produced innovative and competitive products, from the Caravelle, the world's first rear-engined jet airliner, to the Concorde, the most technologically ambitious commercial aircraft ever built. The French state had demonstrated that its model of state-led industrial development could succeed in traditional sectors like railways and energy, and in the most dynamic and competitive of high-technology industries. Yet the institutional arrangements that made these achievements possible also embedded structural vulnerabilities that would become increasingly difficult to manage as the external environment changed. The features of the French model, such as the DGAC's fusion of regulatory and strategic functions, the Grands Corps' domination of industrial leadership, and the state's willingness to absorb commercial losses as the price of

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<sup>48</sup> "Direction générale de l'Aviation civile," Wikipedia, accessed April 11, 2026, [https://fr.wikipedia.org/wiki/Direction\\_g%C3%A9n%C3%A9rale\\_de\\_l%27Aviation\\_civile](https://fr.wikipedia.org/wiki/Direction_g%C3%A9n%C3%A9rale_de_l%27Aviation_civile).

national prestige presupposed an institutional environment in which the state could act without significant external constraint. The state needed to remain free to subsidize its national champion airline, to protect its manufacturers from foreign competition to direct investment toward technologically ambitious projects regardless of their commercial logic, and to appoint its own trained elite to positions of industrial authority.

That environment was already beginning to erode by the time the DGAC was created and was fundamentally transformed over the following decades. The liberalization of air transport within Europe, initiated by the first EU liberalization set of 1987 and completed by the third set of 1993, dismantled the system of bilateral agreements and national monopolies that had protected Air France from competition within Europe. The progressive tightening of European Union competition rules on state aid, developed through the case law of the European Commission and the European Court of Justice, made it increasingly difficult for the French state to provide the kind of unconditional financial support that had sustained Air France through decades of commercial losses. The financial demands of globalization, including the integration of international capital markets and the growing scale of investment required to compete in commercial aviation, pushed French companies toward governance models that were increasingly difficult to reconcile with the French administrative tradition. The emergence of new competitors such as low-cost carriers like Ryanair and EasyJet, and aggressive American manufacturers like Boeing, created competitive pressures that the old model had never been designed to endure.

The French aviation sector in the 1970s thus faced a paradox that defined its following evolution. The dirigiste model had succeeded brilliantly in building a world-class aviation industry. But this success had been achieved at the cost of structural dependencies that made the sector increasingly vulnerable to changes in the external environment. Air France had been shielded from market competition for so long that it had never developed the commercial disciplines necessary to survive without state support. The Grands Corps engineers who ran the sector had been trained to command, not to negotiate. They found themselves unprepared for an environment in which they would have to compete for capital, convince investors, and satisfy regulators who were no longer French. The DGAC, designed as an instrument of national sovereignty, became increasingly constrained by supranational rules it could not control.

The most dramatic illustration of this paradox was the Concorde. It was the purest expression of French political identity in aviation: a project driven by grandeur, funded without regard for economic logic, and justified in the name of civilizational ambition. It was also a

catastrophic failure from the perspective of market rationality. Only twenty aircraft were built, far below the 200 needed to recover development costs. The aircraft's fuel consumption was massive, its sonic boom restricted it to oceanic routes, and the expensive ticket prices made it affordable only to the wealthiest travelers. The Concorde had succeeded in demonstrating France's technological superiority, but at a cost that no commercial enterprise could have sustained. As long as the French government was willing to absorb these costs as an acceptable price for national prestige, the Concorde could fly. However, the institutional environment that had made the Concorde possible was already beginning to disappear when the aircraft entered commercial service in 1976, and it had completely collapsed by the time the last Concorde was retired in 2003.

Therefore, the history of French aviation from 1945 to the mid-1970s is made of extraordinary achievement marked by increasing constraints. The French state built, through the systematic application of dirigiste methods, an aviation sector that was the envy of Europe and a real competitor to American dominance. It did so by treating aviation as a national strategic asset to be protected and developed. It embedded the values of grandeur, sovereignty, and technocratic prestige in institutions, such as the DGAC, the nationalized airlines, and the Grands Corps leadership, that were designed to protect aviation policy from market pressures and to align it with national priorities. But the same institutional arrangements that made this achievement possible also embedded the vulnerabilities that would later become constraints. The dirigiste model presupposed a world in which the French state could act without significant external constraint, but that world was already disappearing. The liberalization of European air transport, the tightening of EU competition rules, the financial demands of globalization, and the emergence of new competitors would together create an environment in which the old instruments of state power, such as direct ownership and unconditional subsidy, were ineffective or legally impossible.

## 2.2 Air France as a projection of state power and national service

Of all the instruments through which the French state expressed its national identity in the postwar period, Air France occupies a special place. It was - and still is - the national airline. It was a flying embassy, a projection of French civilization, and a daily demonstration to the world that France remained a nation capable of excellence, modernity, and global reach. Understanding Air France in this period requires setting aside the language of commercial aviation and adopting instead the language of national identity, as it is the framework within which the airline was conceived and managed. Air France was formally constituted as a national company in 1933, but it was in the immediate postwar period that it acquired its full significance as an instrument of French political identity. The reconstruction of French civil aviation after 1945 was not conceived primarily as an economic project, but as a national one. In a country emerging from occupation, defeat, and the humiliation of collaboration, the ability to project French power and French culture onto the world stage through a prestigious national airline carried an importance that went far beyond commercial logic. Aviation, as the French government's own historical account notes, became one of the primary vehicles through which France rebuilt its image of power and modernity in the postwar world.<sup>49</sup> The standards to which Air France adhered to in this period were inseparable from this national mission. Flying Air France was an experience of French civilization. The airline's cabin crew were trained to embody the values of French elegance, refinement, and service excellence that the state wished to project internationally. The cuisine served on board was designed by leading French chefs and reflected the conviction that gastronomy, like aviation, was a domain in which France had a particular vocation for excellence. The aircraft interiors were developed with aesthetic care that distinguished Air France from its competitors. Every detail signaled that France was setting the standards of international aviation. This commitment to excellence was structural. It flowed directly from the concept of *grandeur* that, as Chapter 1 established, is central to France's political identity. A France that allowed its national airline to offer mediocre service would be a France that had accepted mediocrity as a national condition, and that was politically unacceptable. Therefore, the state invested in Air France because of what that investment signified: France took its place in the world seriously, it refused to measure itself by purely

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<sup>49</sup> Ministère de la Transition Écologique, *1945-2015 : 70 ans d'aviation civile*, accessed March 21, 2026, <https://www.ecologie.gouv.fr/memoire-aviation-civile>

commercial criteria, and it expected its national institutions to embody the highest standards of French civilization.

The governance of Air France during this period reflected the broader logic of the dirigiste state examined in Chapter 1. The airline was state-owned and state-directed, with its senior leadership composed disproportionately of the ranks of the Grands Corps, particularly the Corps des Ponts et Chaussées and the Corps des Mines, ensuring that aviation policy remained aligned with national priorities rather than short-term market logic. Strategic decisions about routes, fleet composition, and service standards were taken with reference to France's geopolitical interests and its cultural diplomacy objectives, and not to commercial profitability. For example, routes to former French colonies in Africa and Southeast Asia were maintained even when they were economically marginal, because they served France's interest in preserving its influence in the post-colonial world and projecting the image of a France still present on the global stage. The social dimension of Air France's national mission was equally important. As a state-owned company operating in a strategic sector, Air France was expected to provide stable, high-quality employment and to maintain the social peace that the French state regarded as inseparable from national cohesion. The airline's workforce, composed of pilots, cabin crew, ground staff, and engineers, enjoyed conditions that reflected their status as employees of a national institution rather than a commercial enterprise. This created a culture of pride and identification with the national mission that was carefully cultivated. Air France employees understood themselves as representatives of France abroad, ambassadors of French civilization in the air, and not as simple workers in an airline.

This culture of national service and symbolic excellence had a political cost as well as a political value. Because Air France was understood as an expression of national identity rather than a commercial enterprise, it was protected from the pressures of market competition that might otherwise have led to greater financial discipline. Losses were absorbed by the state as the acceptable price of maintaining a prestigious national instrument. Management decisions were influenced by political considerations, such as the desire to avoid social conflict, to maintain employment levels, to preserve routes of geopolitical significance, that often conflicted with commercial logic. As Levy notes, when the French state eventually applied the "Renault model"<sup>50</sup> of conditional restructuring to Air France in the early 1990s, it was doing so

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<sup>50</sup> The 'Renault model' takes its name from the car manufacturer that received state aid subject to strict restructuring conditions, representing a new approach to conditional rather than unconditional intervention.

in the context of decades of unconditional support that had allowed structural inefficiencies to accumulate.<sup>51</sup> The very success of Air France as a national symbol had, paradoxically, made it vulnerable as a commercial competitor.

Yet, it would be a mistake to judge Air France in this period by the standards of commercial aviation alone. Measured against the objectives the French state actually set for it, projecting French power, demonstrating French excellence, maintaining French presence on global air routes, and embodying the values of a civilization that refused to accept mediocrity, it is safe to say that Air France was, for most of this period, a remarkable success. It was the fifth largest international airline in the world by the 1970s, operating routes across six continents, carrying millions of passengers under the French flag, and consistently regarded as one of the world's most prestigious airlines. The fact that this achievement was purchased partly through state subsidy and through the suppression of market competition does not diminish its significance as an expression of what France believed itself capable of, and what it was determined to show the world.

However, the deeper significance of Air France in this period lies in what it reveals about the relationship between French political identity and industrial policy. Air France was a national project that happened to take the form of an airline. This is of great significance because it explains why France has had such difficulty subjecting Air France to the logic of market competition, why the Air France–KLM merger was structured to preserve French strategic leadership, and why the French government continued to intervene in the airline's affairs long after its official privatization. The identity that Air France embodied in the postwar period did not disappear when the institutional environment changed, it adapted, as Chapter 4 will show, finding new forms of expression within a transformed but recognizable framework.

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<sup>51</sup> Jonah D. Levy, "The Crisis of Identity of Post-Dirigiste France," *French Politics and Society* 14, no. 1 (1996): 41.

## **2.3 The Concorde: grandeur without compromise and identity in its purest form**

If Air France represented the everyday expression of French political identity in the postwar aviation sector, the Concorde represented its most extreme and uncompromising manifestation. It was literally France itself that was flying. No other industrial project in the history of postwar France embodies the three pillars of grandeur, sovereignty, and technocratic prestige more perfectly, and no other project illustrates more clearly what French political identity looked like when it was exercised without significant external constraint. The Concorde was not a commercially rational enterprise. It was an act of national self-assertion, a statement about what France believed itself capable of achieving and what kind of civilization it aspired to represent.

The origins of the project lay in the late 1950s, when aviation authorities in both the United Kingdom and France began exploring the possibility of developing a supersonic commercial aircraft. British efforts were led by the Supersonic Transport Aircraft Committee, while the French made progress thanks to the research conducted by Sud Aviation, a state-owned aircraft manufacturer that had itself been formed from the nationalization of smaller private companies before the Second World War. The cost of the supersonic project was so high that Sud Aviation, at the direction of the French and British governments, formed a consortium with the British Aircraft Corporation in November 1962. The bilateral treaty formalizing this arrangement was signed on 29 November 1962, committing both governments to share the design, development, and manufacturing costs of what would become the world's only commercially operated supersonic passenger aircraft. As Johnman and Lynch have shown, the road to this agreement was marked by intense political negotiation, Franco-British rivalry, and the complex interplay of issues related to national prestige on both sides.<sup>52</sup> For France, the project was inseparable from de Gaulle's vision of grandeur. For him, it was the conviction that France had a particular civilizational vocation and that technological achievement at the limits of human capability was one of its most significant expressions. The name of the aircraft, Concorde, suggested by de Gaulle himself in January 1963, was a political statement. It signified the agreement between two formerly great world powers asserting their enduring

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<sup>52</sup> Lewis Johnman and Frances M. B. Lynch, "The Road to Concorde: Franco-British Relations and the Supersonic Project," *Contemporary European History* 11, no. 2 (May 2002): 229–252.

relevance in a world increasingly dominated by the superpowers.<sup>53</sup> The "e" added to the English spelling, on which the French side has placed so much emphasis, was described by British Technology Minister Tony Benn as standing for "Excellence, England, Europe and Entente", a formulation that conveyed the symbolic weight of the project on both sides.<sup>54</sup>

The Concorde's development took place during the Cold War technological race, in which supersonic flight had become of major strategic significance. As Wasson argued, the Concorde was conceived not purely as a civil aviation project but as part of a broader assertion of European technological autonomy at a time when the United States and the Soviet Union were competing for dominance in aerospace.<sup>55</sup> For France specifically, the project served the Gaullist strategy of technological sovereignty, demonstrating that Europe, led by France, could compete at the frontier of aerospace technology without dependence on American industrial capacity. The fact that the United States ultimately abandoned its own supersonic transport program in 1971, when the American Senate blocked Boeing's plans after years of technical difficulties and cost overruns, enhanced the symbolic value of the Franco-British achievement.<sup>56</sup>

Commercial flights began in January 1976, operated by Air France and British Airways, the only two airlines ever to fly the Concorde commercially. From the start, the aircraft's commercial logic was secondary to its symbolic function. Flying at Mach 2.04, which corresponds to twice the speed of sound, and at altitudes of up to 18,000 meters, the Concorde was technically extraordinary. It represented the most advanced technology in aerospace engineering, and the prestige of flying on it was such that families would visit Charles de Gaulle Airport simply to watch it land.<sup>57</sup> The Concorde had become an integral part of French national life as a symbol of modernity, precision, and technological mastery.<sup>58</sup> The Direction des programmes aéronautiques civils of the DGAC, created in 1976, was directly involved in overseeing the Concorde program. It is a concrete illustration of how the French state embedded its strategic authority in institutional architecture.

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<sup>53</sup> National Museums Scotland, "Concorde: The Story of Supersonic Passenger Flight," accessed April 8, 2026, <https://www.nms.ac.uk/discover-catalogue/concorde-the-story-of-supersonic-passenger-flight>.

<sup>54</sup> History of Government Blog, "Concorde's First British Test Flight, 50 Years On," April 9, 2019, <https://history.blog.gov.uk/2019/04/09/concordes-first-british-test-flight-50-years-on>.

<sup>55</sup> Glenn Wasson, "European Defence Planning: Concorde, Franco-British Politico-Military Relations and the Cold War, 1956–68," *Journal of Contemporary History* 58, no. 4 (2023): 718–738.

<sup>56</sup> JSTOR Daily, "The Rise and Fall of the Supersonic Concorde," February 26, 2018, <https://daily.jstor.org/the-rise-and-fall-of-the-supersonic-concorde>.

<sup>57</sup> National Air and Space Museum, "What Happened to the Concorde?" last modified August 7, 2024, <https://airandspace.si.edu/stories/editorial/what-happened-concordes>.

<sup>58</sup> JSTOR Daily, "The Rise and Fall of the Supersonic Concorde."

Yet the Concorde was always, in commercial terms, a deeply problematic enterprise. Only twenty aircraft were built, far below the 200 that had been estimated as the minimum needed to recover development costs. Its fuel consumption was enormous. It used as much fuel as a Boeing 747 while carrying only a quarter of the passenger load. The sonic boom it produced restricted it to oceanic routes, limiting its commercial network to essentially two routes: London-New York and Paris-New York. Ticket prices reached \$12,000 for a one-way transatlantic crossing, equivalent to approximately \$66,000 in today's values, making it accessible only to the wealthiest travelers.<sup>59</sup> As one contemporary Italian observer noted, the Concorde had succeeded in "sucking dry the public treasury, stoking the sense of grandeur" in a project that represented "an isolated gesture, the high cost of which is unlikely to be amortized in any reasonable time-span."<sup>60</sup>

However, none of this diminished the French state's commitment to the Concorde or its determination to keep it flying. The aircraft's commercial losses were absorbed as the acceptable price of maintaining one of the world's most powerful symbols of French technological civilization. When Air France Flight 4590 crashed near Paris on 25 July 2000, killing all 113 people on board, the shock in France was, as Ashley observed, comparable in its effect to the explosion of the space shuttle Challenger in the United States.<sup>61</sup> The comparison reveals that the Concorde occupied in the French national imagination the same place that the space program occupied in the American one. It was not a simple commercial enterprise but a true civilizational achievement, a proof of what a nation was capable of. The response to the crash was not to retire the aircraft but to modernize it. British Airways spent \$43 million modifying its seven-plane Concorde fleet with new Kevlar fuel tank liners, puncture-resistant tires, and improved fire detection systems, with Air France undertaking equivalent modifications on its own aircraft.<sup>62</sup> The aircraft returned to service in November 2001, before being permanently retired in October 2003. This decision has been driven by the accumulated weight of commercial unviability, rising maintenance costs, and the collapse of transatlantic business travel following the September 11 attacks.

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<sup>59</sup> National Air and Space Museum, "What Happened to the Concorde?"

<sup>60</sup> Tiziano Torresi, "The Concorde Is Airborne. 21 January 1976. Italy and the Flight to a Smaller World," in *Italy and the 'Shock of the Global' during the 1970s*, ed. Guido Formigoni, Security, Conflict and Cooperation in the Contemporary World (Cham: Springer Nature Switzerland, 2025), 261-273.

<sup>61</sup> Steven Ashley, "Concorde's Comeback," *Scientific American* 285, no. 2 (2001): 12.

<sup>62</sup> *Ibid.*, 12-13.

The retirement of the Concorde in 2003 is one of the most significant moments in the history of French aviation identity. The Concorde was the product of a specific institutional environment in which the French state could finance, direct, and protect a technologically ambitious project regardless of its commercial logic, in which national prestige could override the demands of market rationality, and in which the Grands Corps could focus their technocratic ambition into a project of civilizational scale. That environment no longer existed by 2003. EU competition rules, the constraints of European integration, and the financial demands of globalization had together created a context in which a project like the Concorde would have been legally impossible to finance and politically impossible to justify. The contrast between the world in which the Concorde was born and the world in which it was retired reflects the evolution of French political identity: from one that expressed itself freely, to one that operates within the constraints of a transformed institutional environment.

## 2.4 The birth of Airbus: a first adaptation, but does this identity hold?

The Concorde represented French political identity in its most uncompromising form: a project driven by grandeur, financed without regard for commercial logic, and justified by the language of civilizational ambition. However, Airbus represents something more ambiguous and more instructive. Airbus was the first major moment in which French political identity was forced to adapt to a new constraint it could not simply override.<sup>63</sup> Unlike the internal social constraints that had blocked dirigisme under the Third Republic, the constraint France faced in the 1960s was external and technological: no single European state could match American aerospace investment alone. That is why adaptation required inventing new transnational institutional forms while managing domestic resistance to this shift. Thus, French political identity found a new institutional form through which that logic could continue to operate. The birth of Airbus is not the story of an identity that was abandoned under pressure, but rather that of an identity that found a new form of expression. What distinguishes this adaptation is the preservation of French strategic control over key decisions, such as the location of final assembly in Toulouse, the appointment of French engineers from the Grands Corps to leadership positions, and the retention of a French legal framework for the consortium.

The origins of the Airbus project lay in a structural crisis of European competitiveness in commercial aviation, which had been escalating since the late 1950s. By 1970, the United States exercised almost total dominance over the global market for large passenger aircraft. Boeing alone accounted for 60% of large passenger aircraft delivered globally, while Douglas held another 26%. The contrast with Europe was striking. The U.S. aerospace industry's revenue was almost six times that of Europe's. European manufacturers, technically capable but fragmented along national lines, were increasingly unable to compete individually in a market that demanded enormous development costs, large production runs, and aggressive commercial strategies that no single European government could sustain. For France, this situation was strategically intolerable. The French state had invested heavily in its national aviation industry since the war, had built Aérospatiale from the successive nationalizations and mergers of its major aircraft manufacturers, and regarded technological sovereignty in aerospace as a matter of fundamental national interest. To accept permanent dependence on American manufacturers for the aircraft flown by Air France, and by every other European airline, would have meant

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<sup>63</sup> Pierre Muller, *Airbus. L'ambition européenne : logique d'État, logique de marché* (Paris : L'Harmattan, 1989).

acknowledging a failure of sovereignty that the Gaullist political culture was unable to accept. As French officials framed it at the time when justifying the Concorde in 1962, the challenge was to resist what Gaullist discourse characterized as "the American colonization of the skies."<sup>64</sup> The question was no longer whether France should respond, but how, and in particular, whether the purely national model of intervention, as embodied by the Concorde, was still adequate to the scale of the challenge.

The answer that emerged from Franco-German discussions in the mid-1960s was a form of institutionalized European cooperation that was a significant expression of French political ingenuity.<sup>65</sup> In July 1967, during a high-profile meeting between French, German, and British ministers, an agreement was made for greater cooperation between European nations in the field of aviation technology, and "for the joint development and production of an Airbus." On 26 September 1967, the French, West German, and British governments signed a Memorandum of Understanding to start the development of the 300-seat Airbus A300. However, the British government has proven to be an unreliable partner: it formally withdrew on 10 April 1969, questioning the project's viability and fearing it would not recover its investment. France and Germany nevertheless continued their efforts and Airbus Industrie was formally established as an economic interest group (*groupement d'intérêt économique*, GIE) on 18 December 1970. The consortium, established under French law, has enabled the partners companies to share their resources while allowing them to maintain their commercial independence. The choice of the GIE legal structure, which had only been introduced into French law in 1967, was itself politically significant. It was an instrument enabling states and companies to coordinate their industrial ambitions across national borders without ceding national control to a supranational authority. This was precisely the kind of institutional architecture that fit the French tradition, which was deeply opposed to any form of federalism. This partnership focused on designing the Airbus A300, a major innovation at the time with a dual-engine wide-body aircraft and a two-person cockpit.

The division of labor among the founding partners reflected both technical logic and political negotiation. Bêteille established a division of labor that defined Airbus production for decades, with Aérospatiale building the cockpit, flight controls, and lower center fuselage.

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<sup>64</sup> Glenn Wasson, "European Defence Planning: Concorde, Franco-British Politico-Military Relations and the Cold War, 1956–68," *Journal of Contemporary History* 58, no. 4 (2023): 724–725.

<sup>65</sup> David W. Thornton, *Airbus Industrie: The Politics of an International Industrial Collaboration*, 1st ed. (New York: St. Martin's Press, 1995), Chapters 1-3.

Roger Béteille (1921-2019) was a French aeronautical engineer and one of the founding fathers of Airbus. He is widely regarded as the "father of Airbus" alongside Henri Ziegler and Felix Kracht. For France, the allocation of the cockpit, the flight control systems, the final assembly line, and the programme management to Toulouse was not a coincidence. It ensured that the intellectual heart and the physical completion of every aircraft would remain on French soil, under French industrial authority, managed by engineers trained in the French technocratic tradition. Toulouse was a factory, but above all it served as the geographical anchor for France's strategic control over the whole process.

In its early days, the consortium's leadership also embodied the logic of technocratic prestige. Henri Ziegler, former head of Sud-Aviation, became its first president, and Béteille was its managing director. Both were products of the French engineering elite, trained in the institutions and shaped by the values that Chapter 1 examined: men who understood their role primarily as agents of a national industrial mission. Roger Béteille designated English as the official language of the project and forbade the use of metric measurements to make it easier to sell into the US market. It was a pragmatic decision that reflected his determination to make Airbus a genuine commercial competitor rather than an isolated initiative aimed at enhancing Europe's prestige. This tension between commercial discipline and national ambition marked the entire history of the consortium.

The early years of Airbus were a test of the French state's commitment to its industrial identity. Between December 1975 and May 1977, no new orders were received, several completed aircraft remained unsold in Toulouse, and production slowed to half an aircraft per month. At the time, some government officials even proposed ending the program. The sight of completed and unsold aircraft, the so-called "blank tails," painted white and lined up on the Toulouse tarmac awaiting customers who did not come, became a significant political embarrassment, and a test of whether the French state's commitment to the project would survive commercial difficulties in a way that purely market-driven investment could not. This commitment did survive, and for reasons that say a lot about the very nature of the identity at stake.

In the early years of Airbus, the governments of member countries provided program-launch aid in the form of repayable loans for the research and development work of each new aircraft. This financing architecture was not chosen arbitrarily. The decision to opt for repayable loans rather than grants reflected an early awareness of the European regulatory framework that was beginning to take shape around the consortium. As Lawton has shown, the European

Commission had already begun in the late 1970s to establish a framework for reviewing state aid granted to industrial sectors. This framework was based on the “market economy investor principle,” according to which public support was permissible only to the extent that a private investor operating under normal market conditions could have provided equivalent financing.<sup>66</sup> France was not yet legally bound by this framework in the way it would be by the time of the three waves of liberalization in 1987, 1990, and 1992; but the choice of the loan structure suggests that the architects of Airbus understood that the era of unconditional state financing, embodied by the Concorde, was coming to an end. The French government continued to provide this support through the blank-tails period, because allowing Airbus to collapse would have meant conceding the defeat of the European aerospace challenge to American dominance, and acknowledging that France no longer possessed the industrial capacity and political will to support a strategic sector under pressure. That was politically impossible.

The transformation of Airbus from a financial burden on public resources into a true industrial success began with a single decisive transaction. In 1977, US carrier Eastern Air Lines leased four A300s as an in-service test. CEO Frank Borman was impressed that the A300 consumed 30% less fuel than Eastern's fleet. The oil shocks of 1973 and 1979 had profoundly altered the commercial aviation industry, and Airbus's twin-engine design, which had seemed a commercial liability when cheap fuel made fuel efficiency a secondary concern, had become a decisive competitive advantage. Borman placed a \$778 million order for 23 A300s in April 1978. Many saw this as the point where the European plane manufacturer Airbus was finally recognized as a major competitor to the American giants Boeing and McDonnell Douglas. Pan Am followed with an order for thirteen and the crisis of the blank tails was gone.

The political significance of this commercial breakthrough for France was considerable. It was not just that Airbus had survived. The fact is that the French-led consortium had developed an aircraft that was technologically superior to its American competitors in terms of fuel efficiency, that was a criterion to which the market attached the greatest importance. The A300 was commercially viable but also represented the democratization of air transportation in Europe. France had demonstrated, through a state-supported industrial strategy, that European aerospace technology could challenge American dominance in the American market itself. For a political culture that measured a nation's worth by its ability to act independently and with

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<sup>66</sup> Thomas Lawton, "Governing the Skies: Conditions for the Europeanisation of Airline Policy," *Journal of Public Policy* 19, no. 1 (1999): 102–103.

distinction on the international stage, this served as a justification for dirigiste policies at a time when such policies were facing growing pressure due to globalization.

If the A300 proved that Airbus could survive, the A320, launched in 1984, proved that it could lead. The introduction of the A320 in 1987 established Airbus as a major global manufacturer, with more than 400 orders before its first flight. The aircraft introduced fly-by-wire flight control technology to commercial aviation. It is a system replacing mechanical links between the pilot's controls and the aircraft's control surfaces with electronic signals, making it the most technically innovative commercial aircraft of its generation. The use of composite materials and a digital cockpit that allowed similarities with other Airbus models have further strengthened the program's position as a technological leader. These engineering achievements were, in the French political tradition, expressions of the conviction that public investment in technological ambition produces outcomes that the market alone cannot generate. By the late 1980s, Airbus had achieved 30% of the world's passenger airliner market, a target that its founders had set as the threshold of true competitive credibility. By the late 1990s, Airbus' market share had risen to nearly 50%, and in the early 2000s it briefly surpassed Boeing as the world's largest commercial aircraft manufacturer by deliveries. The state-supported consortium, denigrated in Washington as "just another European jobs program," had become one of the great industrial success stories of the twentieth century.

The political significance of Airbus for France goes beyond its commercial performance. From its creation, Airbus carried a symbolic weight that went beyond the economics of aircraft manufacturing. As a direct extension of the vision of grandeur established in Chapter 1, Airbus served as a proof that France was capable of organizing and leading a technological enterprise of historic global significance. The leadership of Airbus continued the pattern established by Air France. Henri Ziegler, a graduate of the École Polytechnique and the Corps des Mines, brought to the consortium the same fusion of technical authority and state service that had characterized French aviation governance since the war. His successor, Bernard Lathière, was also a Polytechnician. The persistence of Grands Corps engineers at the head of Airbus illustrates the argument made in Chapter 1: the elite adapts its forms but preserves its substance. The fact that it was a European consortium rather than a purely national project did not diminish this claim. On the contrary, it enhanced it, because it demonstrated that France was capable of leading Europe, and to serve as the core around which a continent-wide technological vision could take shape. In this context, Toulouse became the capital of a particular vision of

what France was and what it could be. The Airbus assembly lines, the engineering schools that produced them, the supply chains that spread across the Southwest of France, the careers of the Grands Corps engineers who directed the programme. All of this constituted a living demonstration that the technocratic model of state-led industrial ambition was a functioning reality. When Airbus launched a new aircraft programme, the announcement was never purely commercial. It was always hiding the political statement that France, leading Europe, could and would compete at the frontier of technology, regardless of what the market might have decided.

Yet Airbus also embedded tensions in French political identity that became increasingly visible as the project evolved. The consortium structure that made the enterprise possible imposed constraints on French unilateral authority that were uncomfortable from the beginning. In January 1979, British Aerospace joined Airbus Industrie as a full partner with a 20% share. France and Germany had insisted, as a condition of British re-entry, that a British airline purchase A300s. This demonstrated how much the consortium remained, despite its commercial appearance, an instrument of state-level negotiation. But British membership also meant that key strategic decisions about the programme required negotiation with partners whose industrial and political priorities did not always align with French ones. These tensions deepened with the transformation of Airbus from a consortium into a corporation. In 2000, European Aeronautic Defence and Space Company (EADS) was established through the merger of Aérospatiale-Matra of France, DASA of Germany, and CASA of Spain, with EADS holding 80% of the newly reorganized Airbus S.A.S. The EADS structure, in which French and German shareholders held equal stakes, formalized a governance arrangement in which French strategic authority over Airbus was no longer unilateral but negotiated. It was subject to German veto, to shareholder pressures and to the constraints inherent in being a publicly traded company. France, Germany, and Spain maintain combined strategic influence while maintaining stable levels of participation to support defense and industrial programs, but the instruments of that influence are more subtle and more controversial than the direct state control that prevailed during the Aérospatiale era.

This evolution illustrates what Lawton, drawing on Andersen and Eliassen, describes as "Europeification" rather than full Europeanisation. It is a process in which policy authority is not transferred entirely to a supranational level but shared between national governments and European institutions, with each maintaining influence in the areas they consider most

strategically essential.<sup>67</sup> When applied to Airbus, this concept highlights the ambiguity of France's position. France did not give up control of its aerospace industrial policy to Brussels or to its consortium partners. Instead, it adapted the mechanisms through which that control was exercised, replacing direct state ownership and unilateral direction with strategic shareholding, negotiated governance, and the preservation of Toulouse as the indispensable center of the enterprise. Lawton's further observation that "nation states remain in control politically and only allow the EU to increase its competencies when and where it is most expedient"<sup>68</sup> is equally applicable: France accepted the constraints of the consortium and, later, of EADS governance, precisely because doing so was the condition for preserving a French-led European aerospace industry. The alternative of a purely national programme had been excluded by the scale of the American competition. The adaptation was strategic, not ideological.

These are the tensions that Chapter 4 will examine in detail. What matters for the argument presented in this chapter is that Airbus embodies a successful adaptation of French political identity to an external constraint: the impossibility of maintaining a purely national aerospace champion capable of competing with American manufacturers on a scale that no single European country could finance on its own, without abandoning the fundamental logic of that identity. The dirigiste conviction that strategic industrial sectors require state direction and public investment did not disappear when Airbus was founded. It took the form of a transnational institutional framework capable of surviving in a new environment. The grandeur that had inspired the Concorde found a new form: one that was commercially disciplined without being driven only by commercial considerations, adopting a European structure while preserving its French essence. It is this vision that embodies the core values of Airbus and ensures that this project does not mark the end of the era of national champions, but rather its most enduring legacy.

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<sup>67</sup> Ibid., 94, citing Andersen and Eliassen (1993).

<sup>68</sup> Ibid., 108.

## **CHAPTER 3: THREE LEVELS UNDER PRESSURE: POLICIES, STRATEGIES, AND IDENTITY (1980s – 2000s)**

The European Union Single Market has imposed strict rules to limit traditional state intervention on aid, protectionism, competition, and market liberalization. These rules directly constrain practices historically associated with French dirigisme, such as direct subsidies, protection of national champions (like Air France), and political appointment of industrial leaders. Sectors like aviation, which rely on heavy state support, have had to adapt to the European legal framework that limits what the French State can legally do.

### **3.1 Policy changes: EU competition rules and the legal dismantling of dirigisme**

The first and most visible level at which French political identity came under pressure was the level of policy. From the mid-1980s onwards, the European Union progressively dismantled the legal foundations of the traditional French model of aviation governance by imposing a new framework of competition rules, market liberalization, and state aid constraints that directly challenged the dirigiste logic at the heart of French industrial policy. The process was composed of three distinct phases. The First Package of EU air transport liberalization, adopted in December 1987, initiated a gradual opening of intra-European air services to competition. The Second Package, which took effect in November 1990, deepened this process during a period of severe economic recession that was already pushing many European airlines into financial difficulty. The Third and most significant Package took effect in January 1993, completing the dismantling of the bilateral agreements and national monopolies that had historically protected flag carriers, like Air France, from competition within Europe.<sup>69</sup> As Morrell has shown, while consumers have benefited from increased competition and lower promotional prices, the situation for established domestic airlines has been extremely difficult, especially since the final phase of deregulation coincided with an economic slowdown.<sup>70</sup>

The significance of this legislative transformation for France went beyond the economic. As Kassim and Stevens argue, the EU's intervention in air transport represented a

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<sup>69</sup> Peter Morrell, "Air Transport Liberalization in Europe: The Progress So Far," *Journal of Air Transportation World Wide*, 3 no. 1 (1998): 44-45.

<sup>70</sup> *Ibid.*, 1-2.

fundamental shift in governance, from a system based on state control to one based on supranational regulation and market competition. This shift was driven by the European Commission's role as a policy entrepreneur, using legal instruments and institutional forces to advance liberalization, even against the resistance of states seeking to preserve their sovereignty, like France.<sup>71</sup> The constraints on state aid were major for France. Under the traditional dirigiste model, the French state had provided unconditional financial support to Air France as a matter of national policy, treating the airline's losses as the cost of maintaining a strategic national asset. EU competition rules made this approach legally unsustainable. Direct subsidies, preferential treatment, and political appointments of industrial leaders, that are all practices historically associated with French dirigisme, were now subject to European Commission scrutiny and potential sanction. France was not alone in facing these constraints, but it felt them with particular intensity because of the deep ties between the state and industry in the aviation sector.

The response of the French state to these legal constraints was revealing. Rather than accepting the market logic that EU liberalization was designed to promote, France sought to adapt its instruments while preserving its objectives. As Levy has shown, the post-dirigiste period saw the emergence of what he calls the "Renault model": a new form of conditional state intervention in which public support was provided to strategic companies, subject to strict restructuring conditions and the prospect of a return to profitability over time.<sup>72</sup> Air France was among the beneficiaries of this model. It received state support in the early 1990s under terms that, while more restrictive than traditional dirigiste aid, still reflected the French state's reluctance to leave a strategic national airline at the mercy of market forces. The policy had changed but the underlying French identity had not.

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<sup>71</sup> Hussein Kassim and Helen Stevens, *Air Transport and the European Union: Europeanisation and its Limits* (London: Palgrave Macmillan, 2010), Chapter 10.

<sup>72</sup> Levy, "Crisis of Identity," 41.

### **3.2 Strategic adaptation: globalization and the financial transformation of aviation**

While EU competition rules marked the legal dismantling of the French state-directed model, globalization led to its financial dismantling. Beginning in the 1980s, the growing integration of global trade, the rise of international financial markets, and the increasing technological and financial complexity of the aerospace sector created an environment hostile to the principles on which French industrial policy was based. The state could no longer finance, direct, and protect its aerospace champions as it had done in the era of national champions, because the economic environment had rendered traditional instruments both legally binding and financially unaffordable. The broader context of this transformation is captured precisely by Schmidt, who argues that during the Mitterrand years, successive governments' policies of deregulation and privatization progressively deprived the state of many of its traditional interventionist instruments. Consequently, and as a result of the globalization of world trade and European economic integration, French companies have become less dependent on the government and more interdependent with global markets. This has led to a radical shift in the relationship between the state and the private sector. Traditionally ambitious state policies, developed without the involvement of private companies, have been replaced by more pragmatic policies, in which it is private companies that set the agenda and the state follows.<sup>73</sup> These changes were particularly evident in the aviation sector, where the financial pressures of global competition led to a renegotiation of the terms under which the French state exercised its influence.

The aviation sector is a prime example of this financial transformation. Commercial aviation is a capital-intensive industry that requires massive long-term investments in aircraft, infrastructure, technology, and human capital. During the national champions era, the French state could absorb these costs directly, channeling public resources into the development of national aeronautical capabilities. However, by the 1980s and 1990s, the scale of investment required had grown to levels that no single state could sustainably finance alone. The development of a new generation of wide-body aircraft, the expansion of global route networks, the integration of digital reservation and management systems, and the maintenance of competitive standards in a liberalized market, all demanded capital at a scale that pushed French

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<sup>73</sup> Vivien A. Schmidt, "The Decline of Traditional State Dirigisme in France," *Governance* 9, no. 4 (1996): 400.

aviation companies toward international financial markets, private investors, and multinational partnerships.

This integration into international financial markets had a profound impact on the governance of French airlines. International investors brought with them expectations of financial transparency, profitability, and corporate governance standards rooted in Anglo-Saxon models, which conflicted with the French administrative tradition. The influence of the Grands Corps, based on the idea that technical expertise and public service were interchangeable, was incompatible with the demands of institutional shareholders, focused on return on equity and shareholder value. As Bauer and Becker have observed, the historical dominance of the Grands Corps weakened considerably since the 1990s, as corporate governance practices have become more globalized and the influence of market-oriented management models has grown.<sup>74</sup> The aviation sector was at the forefront of this evolution: both Air France and Airbus were among the first major French industrial groups to appoint senior executives with international rather than purely administrative profiles, and to restructure their governance in ways designed to satisfy the expectations of global capital markets.

The case of Airbus is very instructive as it was from its creation a project that exceeded the financial and technological capacity of any single European state.<sup>75</sup> Global supply chains added a further dimension to this financial transformation. The modern aerospace industry operates through networks of suppliers, subcontractors, and partners spread across dozens of countries, creating interdependencies that make purely national industrial strategies impossible to carry out. An Airbus aircraft contains components manufactured in France, Germany, the United Kingdom, Spain, the United States, and Japan. This geographic distribution reflects the logic of global specialization rather than that of national self-sufficiency. In the past, the French government could shape and influence these networks, but it could no longer control them. It represents a fundamental shift from the postwar period, during which national aviation policy operated within a framework of bilateral agreements that gave the government direct authority over routes, fares, and capacity.

What emerged from these pressures was a hybrid model a real break with the French one. French aviation companies adopted governance structures that balanced the demands of global competitiveness with France's political expectations. It allowed them to maintain the appearance of market conformity with more indirect mechanisms of state influence.

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<sup>74</sup> Bauer and Becker, "Politics of Policy Reforms," 547–64.

<sup>75</sup> Gudmundsson, "Mergers vs. Alliances," 18–19.

Nevertheless, the transformation was real. The instruments had definitely changed, the financial logic had evolved, and the state's ability for direct intervention had diminished. But as Schmidt herself acknowledges, the move away from traditional dirigisme did not transform France into an Anglo-Saxon, deregulated political economy.<sup>76</sup> French underlying ambitions, such as technological sovereignty, national prestige, and strategic industrial capacity, remained intact, seeking new forms of expression in a transformed environment. The question of whether this expression constitutes a genuine redefinition of French national identity or rather a strategic adaptation will be addressed in Chapter 4.

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<sup>76</sup> Vivien Schmidt, "Decline of Traditional State Dirigisme," 400.

### 3.3 Identity under strain: does the pressure go beyond policies and strategies?

The pressures examined in the preceding sections, EU competition rules, market liberalization, and the financial demands of globalization, might be interpreted as purely technical or institutional challenges, requiring only practical adjustments to policy instruments and business strategies. However, this section argues that the disruption is much more profound than that. The decline of dirigisme in the 1980s and 1990s forced France to change what it did and to confront a more fundamental question about who it was. As Levy observed in 1996, France's political economy had entered a crisis of identity in the post-dirigiste period, in which abandoning the old model turned out to be far easier than deciding what to replace it with.<sup>77</sup> Levy identified three broad strategies through which French governments attempted to fill the gap left by the decline of dirigisme.

The first strategy consisted of a shift toward market liberalism, which was highly popular under Jacques Chirac's government of 1986 to 1988, which sought to dismantle state intervention and adopt deregulation, in the manner of Reagan and Thatcher. Yet this approach faced strong resistance from the Left and from within the Right itself, that had administered the dirigiste state mechanism without interruption from 1958 to 1981, and remained deeply suspicious of the market.<sup>78</sup> According to Levy, the French enthusiasm for free-market liberalism turned out to be both limited and temporary, and those who took it too far paid the price politically. Finance Minister Alain Madelin lost his position for showing excessive deregulatory fervor, and Edouard Balladur, Prime Minister, was vulnerable to Chirac's denunciations of *la pensée unique*, which accused him of sacrificing French economic sovereignty to market ideology.<sup>79</sup>

The second strategy, which Levy describes as the new approach to institutional development, aimed to transfer economic coordination toward alternative institutions, such as local authorities, European Union bodies, and social partners, that were capable of assuming responsibilities previously held by the dirigiste state. This approach had a particular interest for the French Left, which played a crucial role in breaking with dirigisme in 1983 and was looking for a way to claim that it was not abandoning state responsibility but only redefining it. What

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<sup>77</sup> Jonah D. Levy, "The Crisis of Identity of Post-Dirigiste France," *French Politics and Society* 14, no. 1 (Winter 1996): 36.

<sup>78</sup> *Ibid.*, 37.

<sup>79</sup> *Ibid.*, 37–38.

is particularly significant is that the founders considered the European Union as a means of promoting French industrial ambitions. Rather than allowing French officials to grant national subsidies to French national champions, it would be European Union officials who would provide European subsidies for future European industry leaders, with Airbus and Ariane as examples of this logic.<sup>80</sup> The European project thus became a liberating force for the French Left. The European Community had overcome dirigisme, but dirigisme would later transform the European Community.<sup>81</sup> As Levy explains, the problem is that this institutional strategy was built on foundations that were either underdeveloped or in a state of advanced decline. French local authorities were lost in the face of the 1982 decentralization laws. European institutions remained weak and contested, providing much less support for French industrial policy than had been hoped for. French trade unions were in deep decline.<sup>82</sup> The weakness of these alternative institutions could be paradoxically attributed to the legacy of the dirigiste state itself, as for decades, French officials had actively suppressed alternative centers of power in the name of national autonomy and technocratic modernization.<sup>83</sup>

The third strategy, which Levy describes as post-dirigiste state intervention or neo-statism, represented a new form of state activism, more market-oriented, more conditional, and more negotiated than in the past. A clear illustration of this approach is what Levy calls the "Renault model": the state provides aid to strategic companies in trouble, but under strict conditions, such as a restructuring plan, a timeline for returning to profitability, and the expectation that state aid would be a temporary measure rather than an ongoing commitment. This model was extended to Air France, which received state support under terms that, while less demanding than those imposed on Renault itself, represented a new logic of conditional rather than unconditional intervention.<sup>84</sup>

Despite these strategies, France no longer knew what kind of state it wanted to be for the first time in its modern history. The crisis of the 1980s and 1990s was profound because never before had the French state faced such uncertainty about its own nature and purpose. For centuries, the French state had been much more than a mere administrative apparatus. It was a source of national unity, the repository of collective identity, and the guarantor of the common good. As John Girling observed, French political culture has been built around "an exalted

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<sup>80</sup> Ibid., 38.

<sup>81</sup> Ibid., 39.

<sup>82</sup> Ibid., 39.

<sup>83</sup> Ibid., 40.

<sup>84</sup> Ibid., 41.

notion of the state, centralized and efficient, designed to build national power and to serve the general interest."<sup>85</sup> The state was the very embodiment of the nation and the living expression of what France was and what it aspired to be. The decline of dirigisme called this entire conception into question. If the state could no longer direct the economy, protect national champions, or project grandeur through industrial projects like the Concorde, then what was its purpose? This question was at the heart of the crisis.

This uncertainty reflected a deep tension between two competing conceptions of the state, both deeply rooted in French political culture and tradition. The first conceived the state as a community embodying the nation's shared values and aspirations, and acting as the guarantor of its collective destiny. This was the vision that gave rise to the Concorde. The second, increasingly influential in the era of globalization, viewed the state as a neutral administrative machine designed to efficiently provide services, regulate markets, and meet the needs of citizens as consumers. It was this vision that motivated privatization, deregulation, and the introduction of management techniques from the private sector. France could not fully embrace either of these visions. On the one hand, the retreat from dirigisme made the vision of the "state as a community" increasingly untenable. On the other hand, the vision of the "state as a machine" was equally problematic, as it conflicted with the deeply held conviction that the state had a higher purpose. France was caught between two incompatible visions, unable to fully commit to either.

This crisis was not a purely internal French phenomenon. It resulted from several interdependent historical changes that converged in the 1980s and 1990s. First, globalization profoundly altered the relationship between the state and the economy, as the integration of international financial markets and the rise of multinational corporations eroded the state's capacity to control economic activity. As Schmidt observed, the heroic dirigiste state gave way to a more modest one. This shift was deeply destabilizing for a political culture founded on the idea of state-led development. Second, European integration imposed new constraints on French sovereignty. EU competition rules made unconditional state aid illegal, and the single market dismantled the system of bilateral agreements and national monopolies that had protected French industry. France had to learn to share its sovereignty, which represented a difficult adjustment for a country whose political culture had long associated sovereignty with national autonomy. Third, the end of the Cold War eliminated the geopolitical justification for

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<sup>85</sup> John Girling, *France: Political and Social Change* (London: Routledge, 1998), 1.

French exceptionalism because with the collapse of the Soviet Union, France could no longer claim to be a unique force on the international stage, capable of counterbalancing American hegemony and Soviet communism. These three simultaneous changes created an unstable situation leaving the French state uncertain about its purpose and its place in the world.

The depth of the crisis can be understood by examining France's long tradition of state intervention. As this thesis demonstrates, this tradition is not a recent invention. It stems from the Colbertist tradition of state-led industrial ambition, reinforced by Napoleonic centralization, and perpetuated by the institutional mechanisms of the Grands Corps and the DGAC. The state, far more than a simple set of institutions, was perceived as a real source of national identity. And as Peter Hall argued, the French model of state intervention differs significantly from that of other liberal democracies because, while other states intervene in the economy to temporarily correct market failures, the French state intervenes as a natural expression of its identity and its mission.<sup>86</sup> This is what made dirigisme a cultural reflex rather than a political choice. And this is why adaptation was so difficult: France could not simply abandon its statist tradition without abandoning an essential part of its identity. The crisis of the 1980s and 1990s was therefore a crisis of adaptation. France was trapped in a fundamental uncertainty about the nature and purpose of the state. The old model had collapsed without any new one emerging to replace it.

Levy's analysis reveals a central element for this thesis. The post-dirigiste crisis was a crisis of policy instruments, but he confirms that it was above all a crisis of identity. In the 1990s, France no longer knew what kind of state it wanted to be. The free-market model was politically unacceptable, the institutional one was practically unfeasible, and the neo-statist one, though the most viable, remained domestically contested and externally constrained by Maastricht objectives and the pressures from international financial markets. As Levy concludes, France had not assumed its post-dirigiste identity.<sup>87</sup> The aviation sector reflects and highlights this broader identity crisis. The pressures imposed on Air France and Airbus by EU liberalization and global competition represented challenges to a form of industrial identity that had been crucial to France's self-image since the postwar era. The question that Chapter 4 will address is whether France ultimately resolved this crisis through a fundamental transformation

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<sup>86</sup> Peter A. Hall, *Governing the Economy: The Politics of State Intervention in Britain and France* (Oxford: Oxford University Press, 1986), 165–166.

<sup>87</sup> Jonah D. Levy, "The Crisis of Identity of Post-Dirigiste France," *French Politics and Society* 14, no. 1 (1996): 43–44.

of its national identity, or whether it has found a way to preserve the essence of that identity while adjusting its institutional form.

## **CHAPTER 4: THE SAME IDENTITY IN A NEW FORM? SUCCESSIVE ADAPTATIONS AND THEIR LIMITS (2000s-PRESENT)**

The preceding chapters have traced the emergence of French political identity in the aviation sector structured around the three pillars of grandeur, sovereignty, and technocratic prestige. They have also showed its unrestricted expression during the national champions era, from 1945 to the 1980s, and examined the pressures that progressively undermined the institutional foundations of the dirigiste model. The French state did not abandon its commitment to grandeur, sovereignty, and technocratic prestige in the aviation sector. On the contrary, it has been forced to find new forms of expression for these commitments, compatible with European integration, global market competition, and the legal framework of the European Union.

This chapter will examine four successive adaptations, each representing a more sophisticated response to the constraints examined in Chapter 3. The first adaptation was the shift from direct state ownership and unconditional subsidy, to strategic minority shareholding as the primary instrument of national influence over the aviation sector. The second adaptation involved a more strategic reorientation: the French state learned to project its industrial ambitions onto the European level, using EU institutions, frameworks, and regulatory processes as instruments to be deployed and serve national objectives. This is what this thesis calls Europeanized dirigisme. The third adaptation was the Air France-KLM merger of 2004. This partnership preserved French strategic influence through negotiated governance. The fourth adaptation is the transformation of Airbus from a French-led consortium into a multinational corporation.

These four adaptations overlap and reinforce each other. Strategic shareholding provides the instrument, Europeanized dirigisme provides the strategy, the Air France-KLM merger and Airbus transformation provide the empirical cases. This chapter thus asks: have these adaptations transformed French national identity, or have they just redefined it strategically?

## 4.1 First adaptation: strategic shareholding and indirect state influence

For France, the constraints on state aid were particularly significant. According to the traditional dirigiste model, the French state had provided unconditional financial support to Air France as a matter of national policy. However, EU competition rules made this approach legally untenable. Direct subsidies, preferential treatment, and the political appointment of industrial leaders, which are practices historically associated with French dirigisme, were now subject to European Commission scrutiny and potential sanction. Even though France was not alone in facing these constraints, it felt them with particular intensity given the importance of the link between the state and the aviation sector.

The European Commission's framework for reviewing state aid, which had been developing since the late 1970s, was based on the "market economy investor principle." As Chapter 3 established, this principle made unconditional state aid legally untenable.<sup>88</sup> This is why rather than accepting the market logic that EU liberalization was designed to promote, France had to adapt its instruments to new legal constraints while preserving its objectives.

This evolution can be understood through the typology developed by Durand, Durand and Vervaeke in their study of state intervention in French industry. The authors distinguished four modes of state intervention: the *dirigiste* state, defining objectives and controlling detailed implementation; the *planificateur* state, formulating industrial objectives without intervening in realization; the *incitateur* state, defining general objectives while leaving companies autonomous in implementation; and the liberal state, limiting itself to financial support and general control of results.<sup>89</sup> The postwar French model had been predominantly dirigiste in the aviation sector. The state owned Air France entirely, controlled aircraft manufacturers through nationalization, exercised direct authority through the DGAC (French Civil Aviation Authority), and appointed senior executives from the Grands Corps. This was a system of command: the state directed and the industry had to follow. However, by the 1990s, the dirigiste model was no longer legally sustainable. EU competition rules prohibited the direct subsidies and preferential treatment that had sustained Air France through decades of commercial losses. Therefore, the French state had to evolve toward the incitateur model, which is a means of intervention that had always existed in French industrial policy but had never been used in

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<sup>88</sup> Thomas C. Lawton, "Governing the Skies: Conditions for the Europeanisation of Airline Policy," *Journal of Public Policy* 19, no. 1 (1999): 102-103.

<sup>89</sup> Claude Durand, Michelle Durand, and Monique Vervaeke, "Dirigisme et libéralisme : l'État dans l'industrie," *Sociologie du Travail* 27, no. 3 (1985): 251-272.

aviation. In this model, the state keeps the capacity to define strategic objectives for the sector by maintaining a competitive national airline, preserving Toulouse as a center of aerospace excellence, and ensuring French influence over Airbus. But the state cannot command directly. Instead, it must negotiate and influence through indirect mechanisms such as strategic shareholding, conditional support, and public investment banks. This evolution reflects what Clift describes as the 'post-dirigiste' condition: the French state keeps an ambition to shape how French capitalism evolves, but its influence is considerably reduced, requiring more subtle and indirect modes of influence.<sup>90</sup>

Furthermore, as Cohen has shown in his analysis of French industrial policy, this adaptation is an evolution of the Colbertist tradition. The state continues to support strategic industries because they are economically essential, and because they embody national values such as technological sovereignty, engineering excellence, and the capacity to act independently on the world stage.<sup>91</sup> What changes is the instrument: from direct ownership and unconditional subsidy, to strategic shareholding and regulatory negotiation within European frameworks. The underlying logic that the state has a duty to direct the national economy toward goals that the market alone cannot achieve, and that strategic industries are expressions of national identity, has proved extremely resistant to transformation. This persistence is what makes the French model deeply different from the interventionist traditions of other liberal democracies. Many states intervene, but in France, interventions carry a cultural legitimacy that does not exist elsewhere. It draws on a political tradition in which the state is not the servant of civil society but its main expression. Even when the instruments of state power have been constrained by European integration and globalization, the conviction that the state has a duty to shape the trajectory of strategic industries has remained intact.

The French state has therefore decided to use a strategic minority stake as its main instrument of national influence over the aviation sector, especially because direct state ownership of airlines and unconditional financial support were increasingly incompatible with EU competition rules. In the dirigiste era, the state owned Air France and had complete control over the company. Yet, this made the state directly responsible for the airline's debts and subject to EU state aid rules. In the post-dirigiste era, the French state chose to retain only a significant

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<sup>90</sup> Ben Clift, "Comparative Capitalisms, Ideational Political Economy and French Post-Dirigiste Responses to the Global Financial Crisis," *New Political Economy* 17, no. 5 (2012): 566–567.

<sup>91</sup> Élie Cohen, "Dirigisme, politique industrielle et rhétorique industrialiste," *Revue française de science politique* 42, no. 2 (1992) : 213-214.

minority stake in Air France. This stake was too small to constitute control under EU rules, but large enough to give the state formal rights over major strategic decisions such as board representation, veto power over mergers and acquisitions, and influence over the appointment of senior executives. This model was first applied to Air France in the 1990s. The state started by reducing its stake from 100 percent to approximately 54 percent in 1999, then to 44 percent after the Air France-KLM merger in 2004, and then to approximately 14-18 percent in the following years.<sup>92</sup> At each stage, the state ensured that it retained sufficient voting power to protect its strategic interests, and the exact percentage it held mattered less than the credibility of maintaining a continuous state presence. As long as the state remained a meaningful shareholder, markets and competitors understood that France would not allow its national airline to fall under foreign control.

The strategic shareholding model also served a signaling function. By retaining a visible stake in Air France, the French state communicated to markets and foreign governments that aviation was still a national strategic priority, and that France had not entirely withdrawn from its dirigiste tradition. The state's presence as a shareholder gave it a formal decision-making power in major decisions, especially the Air France-KLM merger where French influence over the governance structure of the newly combined group was exercised specifically through its ownership rights rather than through direct political authority. As Kassim and Stevens have demonstrated, this kind of adaptive behavior was characteristic of member states across the European Union, accepting the formal constraints of liberalization while finding other ways to pursue national objectives within the new framework. Although France was not alone in retaining state stakes in privatized companies, it was among the most proactive in using these stakes to preserve national influence over strategic sectors. Where other European states gradually withdrew from industrial ownership, and saw privatization as an end in itself, France saw privatization as a change of instrument, and not a change of objective.

The mechanisms by which strategic shareholding preserves state influence are numerous in the French case. Understanding these mechanisms is essential to grasp how Europeanized dirigisme works in practice. First, the state's voting rights give it formal veto power over major strategic decisions. These rights are exercised through the *Agence des*

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<sup>92</sup> These figures are drawn from Air France-KLM annual reports and French government budget documents. For the 1999 privatization, see "Air France : l'État va céder 25% du capital," *Les Échos*, February 22, 1999. For the post-merger stake, see Air France-KLM, "Document de référence 2004-2005," 45-48.

*participations de l'État* (APE), which is the agency responsible for managing state shareholdings<sup>93</sup>. They include mergers and acquisitions, significant asset sales, and the issuing of new shares that could weaken the state's stake. While a minority shareholder cannot dictate daily management, it can block actions that would alter the company's strategic direction. The French state has used its veto power repeatedly to protect its interests in Air France-KLM and other strategic companies.

Second, the state's representation on the board of directors ensures that its perspective is considered in all major deliberations. State representatives on corporate boards are senior civil servants from the same *Grands Corps* that have historically supplied the leadership of French industry. They bring with them technical expertise and a deep understanding of the state's strategic priorities. They actively participate in shaping corporate strategy, advocating for investments in long-term technological projects, the preservation of industrial employment in specific regions, and the maintenance of strategic assets that might otherwise be relocated outside of France. As Eymeri-Douzans has noticed, this pattern reflects the French state logic. By placing its own trained elite in positions of industrial leadership, it ensures that the management of strategic sectors remains aligned with national priorities, even when those sectors are officially exposed to market competition.<sup>94</sup>

Third, the state's influence over senior executive appointments, while no longer absolute, remains substantial. In the dirigiste era, the state directly appointed the CEOs of Air France and other national champions directly. Today, the state can no longer impose its decision, but it can make recommendations, and they carry major weight. Government approval is still required for leadership positions in companies where it holds a significant stake. Although the final decision rests with the board of director, the state's voice matters, and CEOs who ignore it do so at their own peril.

Finally, the state's role as a stable and long-term shareholder counterbalances the short-term logic of financial markets. Purely private shareholders prioritize short-term returns, but the French state advocate for long-term investments in technological capabilities. As Cohen pointed out, this capacity to subordinate market logic to national industrial objectives is the essence of the French model, and it is precisely this ability that strategic shareholding was

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<sup>93</sup> Agence des participations de l'État, "Agence des participations de l'État," accessed April 4, 2026, <https://www.economie.gouv.fr/agence-participations-etat>. The APE was established in 2004 and manages the French state's shareholdings in strategic companies. As of 2023, its portfolio was valued at approximately €153 billion.

<sup>94</sup> Jean-Michel Eymeri-Douzans, "Les grands corps de l'État et la haute fonction publique," in *La politique en France*, ed. Pierre Mathiot and Olivier Rozenberg (Paris: Presses de Sciences Po, 2010).

designed to preserve.<sup>95</sup> The case of Airbus perfectly illustrates this logic. The French state no longer owns Airbus directly because the company is now a publicly traded multinational. However, the state retains a significant minority stake with approximately 11 percent, as well as additional stakes through the holding company Sogepa. This stake gives it influence over key decisions. When Airbus considered relocating final assembly of its A380 from Toulouse, the French state expressed its opposition. When the company considered consolidating its engineering activities in Germany rather than France, the state negotiated to preserve French expertise. The state cannot dictate, but it can influence, and its influence has been sufficient to maintain Toulouse as the central hub for the aerospace industry in Europe.

Nevertheless, strategic shareholding has its limits, as it is a tool of influence, and not control. The state cannot force a company to pursue a commercially irrational strategy, nor can it prevent a board of directors from making decisions that prioritize shareholder value over national industrial objectives. The Concorde would never have been built under the strategic shareholding model because no private board would have approved a project with such commercial prospects, and no minority shareholder could have forced it to do so. Moreover, the state's influence depends on its credibility as a shareholder. If its representatives on boards are seen as politically appointed and lacking business expertise, they will be ignored. And if the state's voting power is reduced below a critical threshold, generally 15 to 20 percent, below which minority shareholders have limited formal rights, its influence will diminish. Therefore, the state must manage its shareholdings carefully, balancing the desire for influence with the need to comply with EU rules.

The evolution of the French state's stake in Air France-KLM illustrates these tensions. Its shareholding stood at 100 percent in the 1980s and is now estimated at approximately 14 to 18 percent. At each stage of privatization, the state had to choose between selling more shares, thus reducing its influence but raising revenue, or maintaining a larger stake, preserving its influence but accepting the opportunity cost of capital not invested elsewhere. The compromise consisted of retaining a "golden share", which is a special share granting the state a veto power over certain strategic decisions even with a reduced economic stake. This mechanism has been repeatedly challenged before European courts, and represents the limit of what is permissible under EU law. Beyond this point lies either complete privatization or a return to the dirigiste model that these rules were specifically designed to prevent.

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<sup>95</sup> Cohen, "Dirigisme, politique industrielle et rhétorique industrialiste," 215-216.

What does this adaptation mean for French identity? Strategic shareholding represents a compromise between the old dirigiste model and new realities of the market. The state is no longer an owner, yet it still exerts influence, its sovereignty having shifted into a new form. As Cohen observed, the state continues to support strategic industries because they embody national values: "technological sovereignty, engineering excellence, and the capacity to act independently on the world stage." For Cohen, these strategic industries express a civilizational vocation and reflect the fusion of economic policy and national identity, which is the very heart of the "French exception". Moreover, as Cohen demonstrated in his analysis of French industrial policy, this adaptation is part of the evolution of the Colbertist tradition. The state continues to support strategic industries because they are economically vital and embody national values.

However, is strategic shareholding compatible with the old dirigiste model? It represents both a continuation and a break with the past. It is a continuation because the state still intervenes, yet it is also a break because its intervention is now only in the form of influence. The old dirigiste model was based on a conception of the state as a sovereign authority capable of commanding the economy. Strategic shareholding, by contrast, relies on a conception of the state as an influential shareholder, but not sovereign. While this shift may preserve French influence in the short term, it also risks to gradually erode the cultural legitimacy that originally made French interventionism distinctive. The question then becomes whether influence without control is enough to preserve French identity in the aviation sector, an issue that goes to the very essence of what France has become.

## 4.2 Second adaptation: Europeanized dirigisme - using EU frameworks to serve national goals

The second adaptation involved a more fundamental strategic reorientation. The French state learned to project its industrial ambitions onto a European level, using EU institutions, frameworks, and regulatory processes as instruments to be deployed in the service of national objectives, rather than as constraints. This is what this thesis means by Europeanized dirigisme: the French state had to adapt to Europe and deeply sought to shape it in its own image. The intellectual foundations of this strategy were laid by analysts who recognized that the scale of modern aerospace competition exceeded the capacity of any single European state acting alone. As Thornton argues in his study of Airbus, the context in which European industrial collaboration was conceived consequently shaped the organization and operational procedures that proved so effective in meeting the American challenge.<sup>96</sup> This challenge was clear: by 1970, the United States exercised near-total dominance over the global market for large aircraft. European manufacturers, technically skilled but fragmented by national divisions, were increasingly unable to compete individually. Rather than abandoning its industrial ambition, the state decided to pool resources while preserving national control.

The theoretical framework for understanding this strategy was developed by specialists in French political economy, such as Cohen's concept of "Colbertisme high tech", which explained the specific characteristics of French intervention in strategic sectors.<sup>97</sup> Europeanized dirigisme fits somewhere in between: the state neither commands nor withdraws. It negotiates, incites, and exerts influence.

Europeanized dirigisme is unique because it recognizes that the national level is no longer sufficient to achieve certain industrial objectives. The scale of investment required to be competitive in commercial aviation, the market size needed to amortize development costs, and the complexity of the regulatory framework exceed the capabilities of any single European state. The only way for France to remain a major actor in the global aviation industry is to act at the European level, by projecting French capabilities onto the European stage. This represents a strategic redefinition of national ambitions and of how they are pursued.

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<sup>96</sup> David W. Thornton, "Airbus Industrie: The Politics of International Industrial Collaboration" (PhD diss., University of South Carolina, 1993), 2-3.

<sup>97</sup> Élie Cohen, *Le colbertisme "high tech" : économie des Télécom et du Grand Programme* (Paris : Hachette, 1992).

The Airbus consortium, created in 1970 as a French Groupement d'Intérêt Économique (GIE), became the model of Europeanized dirigisme. The GIE structure, as explained in Chapter 2, was a typically French legal innovation in which each partner retained ownership of its national industrial assets, such as its factories, workforce, and intellectual property, while committing them to a common project. The consortium was an intergovernmental entity governed by unanimous consent rather than majority voting. Nevertheless, the partners had to adapt their effort to market realities and ensure that cultural, linguistic and geographical differences did not become insurmountable obstacles to the design, production, marketing and support of a sustainable product. The genius of the GIE structure, according to Thornton, was that it found a compromise between national interest and commercial necessity. The consortium was subject to commercial discipline in order to compete with Boeing. And the partners could make decisions based on national industrial priorities, as long as these decisions did not compromise the consortium's competitiveness.

For France in particular, Airbus represented both an extension of the national champion model, with the state supporting a strategic industrial project of global scope, and a break with this model, since the project could only be sustained through a degree of multinational collaboration and market discipline that a purely national model would never have allowed. The French state no longer directly controlled Airbus, but it kept a strategic influence through its shareholding in the consortium, its political weight in Franco-German governance, and its involvement in decisions concerning industrial location, such as the preservation of Toulouse as the site of final assembly. The leadership of the initial Airbus consortium perfectly embodied the logic of technocratic prestige. Henri Ziegler became its first president and Roger Béteille was its managing director. Both came from the prestigious École Polytechnique, the elite of French engineering, and were shaped by the values that Chapter 1 examined. They understood their role as agents of a national industrial mission. Their willingness to work within a European framework was a strategic choice regarding the best way to serve it and it did not diminish their French identity.

The transformation of Airbus from a consortium into a public limited company represented both a challenge to Europeanized dirigisme and an opportunity to refine it. In 2000, the European Aeronautic Defence and Space Company (EADS) was established, with France and Germany holding equal stakes. This transformation could have been interpreted as a defeat for French industrial policy as France no longer controlled Airbus directly and had to share power with Germany, negotiate with its partners, and submit to the rules of a publicly traded

company. However, from the perspective of Europeanized dirigisme, this transformation was an evolution, not a failure. The instruments of French influence have changed from direct state ownership to strategic shareholding, and from unilateral control to negotiated governance, but the objective has remained the same: to preserve French industrial capacity in a strategic sector.

The EADS structure preserved French influence in several ways. First, the French state kept a significant stake in EADS, thus ensuring its oversight over the governance of the combined entity. Second, the principle of Franco-German parity was protected in the governance structure, preventing either country from dominating the other. Third, the location of key industrial assets, including Toulouse, the engineering schools that supplied the workforce, the supply chains that spread across the Southwest of France, guaranteed France's continued intellectual leadership in the aviation sector. As Thornton explained, the persistence of these national ties reflects a fundamental characteristic of international industrial collaboration: states do not easily surrender control of strategic industrial assets, even when they are engaged in collaboration.<sup>98</sup> The French state was more successful than the others in preserving this control precisely because it was able to adapt its instruments. While other European states have gradually disengaged from industrial ownership because they saw collaboration as a substitute for national capabilities, France has perceived collaboration as a complement to these national capacities. It was a means of achieving at the European level what it can no longer achieve alone at the national level.

Furthermore, the creation of Bpifrance in 2012 represented the institutional growth of Europeanized dirigisme. This public investment bank has consolidated various public financial instruments, including the Strategic Investment Fund (FSI), into a single institution designed to channel state support to strategic sectors through instruments compatible with EU competition rules. As Verdier demonstrated, Bpifrance allowed the French state to maintain its role as a strategic investor in key industries, including aviation, while operating within a legal framework specifically designed to limit that kind of intervention.<sup>99</sup> The genius of Bpifrance lies in its legal structure. It is a public limited company with the state as its majority shareholder. This structure allows it to operate under the "market economy investor principle", which Lawton identified as the cornerstone of EU state aid policy: public support is permissible to the extent that a private investor operating under normal market conditions might have provided equivalent

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<sup>98</sup> Thornton, 'Politics of International Industrial Collaboration,' 298-300.

<sup>99</sup> Emmanuelle Verdier, 'French State Capitalism in Transformation: The Role of Bpifrance,' *French Politics* 18, no. 4 (2020): 423-445.

financing.<sup>100</sup> Bpifrance can provide loans, guarantees, and equity investments to strategic companies without triggering the prohibitions on state aid that would apply to direct public subsidies. Applied to the aviation sector, the bank has financed Airbus suppliers, helped French aerospace companies in their expansion, and supported research and development projects in new aircraft technologies. Each of these interventions is structured as a commercial transaction designed to strengthen French aviation industry in a way that the market alone might not have been able to achieve.

The bank's role in the 2020 recapitalization of Air France-KLM during the COVID-19 crisis was crucial. The French state, through Bpifrance, granted a €4 billion loan to the airline group.<sup>101</sup> The loan was approved by the European Commission on the grounds that it was consistent with the market economy investor principle, complying with EU rules. The funds were released, the airline was saved, and the French state preserved its strategic interest. This is an excellent example of Europeanized dirigisme: the state achieves its industrial objectives by acting within the strict framework of EU law. The instruments used are conformed to market rules but the objectives are not. The result is a form of state influence that is different from classical dirigisme in its legal form, but which is still part of its logic. The most sophisticated expression of Europeanized dirigisme goes beyond adapting to EU rules as it also consists in shaping those rules to serve French interests. France has always been among the most active member states in influencing EU competition policy, state aid rules, and industrial strategy. As Kassim and Stevens have discussed, Europeanization is uneven, with some member states adapting more quickly than others, and national differences persisting despite formal convergence.<sup>102</sup>

The European Commission's acceptance of the "market economy investor principle" in state aid, its approval of Bpifrance's investment model, and its reluctant tolerance of strategic shareholding arrangements in Air France-KLM all reflect French influence. France has used its weight within EU institutions, such as its representation in the European Commission, its influence in the European Parliament, its diplomatic network in the Council of Ministers, to promote interpretations of EU rules that preserve maximum space for its national industrial policy.

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<sup>100</sup> Lawton, "Governing the Skies," 102-103.

<sup>101</sup> European Commission, "State Aid SA.57082 (2020/N) – France – Recapitalisation of Air France-KLM," May 5, 2020; European Commission, "State Aid SA.59913 (2020/N) – France – COVID-19 – Further recapitalisation of Air France-KLM," April 4, 2021.

<sup>102</sup> Kassim and Stevens, *Air Transport and the European Union*, Chapter 9.

France also played a leading role in promoting European industrial policy instruments to direct EU resources toward its strategic priorities. The European Investment Bank's loan programs and defense cooperation initiatives, such as the European Defence Fund, were all shaped by French priorities. In each case, France argued that European action was necessary to compete with the United States and China, serving its interests by directing EU resources toward sectors where France had competitive advantages. This is what Levy identified as the original vision of the French left for European integration, as examined in Chapter 3.<sup>103</sup> The European project had triumphed over dirigisme, but dirigisme would transform the European community. Thirty years later, this vision has been partially realized: Europe has not become the dirigiste superstate that some French planners imagined, but French influence on EU industrial policy has been considerable. The European Commission's competition directorate remains committed to market liberalization, while demonstrating flexibility to take into account French strategic interests. Even though Europeanized dirigisme cannot overcome every constraint, the adaptation is real, and so is the continuity.

Nevertheless, Europeanized dirigisme has its limits, and recognizing them is essential to understanding what this strategy can and cannot achieve. The main limitation is that Europe is not France. French influence in EU institutions is considerable, but not decisive. The European Commission is not an instrument of French industrial policy. It has its own priorities, its own institutional logic, and its own member states with sometimes competing interests. Germany, the Netherlands, and the Nordic countries are generally less favorable to dirigiste approaches than France and have successfully resisted many French initiatives.

A second limit is the fact that EU rules, even when flexibly interpreted, constrain French action. The market economy investor principle, despite its ambiguity, imposes limits on state aid. The French state can no longer finance Air France without conditions, as it did in the 1980s and 1990s. It must structure its support to comply with EU legal requirements, which limit its freedom of action. The COVID-19 recapitalization of Air France-KLM was approved by the Commission, but only after long negotiation and under strict conditions.

A third limit is that Europeanized dirigisme requires sustained political commitment. It is an ongoing process of negotiation, compromise, and legal creativity. Each new state aid case, each new merger proposal, each new regulatory initiative forces France to mobilize its diplomatic resources to defend and protect its interests. This is a very hard work, and the French

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<sup>103</sup> Levy, "Crisis of Identity," 38.

state does not always succeed. When it fails, Europeanized dirigisme gives way to market outcomes that France would not have desired.

Despite these limits, Europeanized dirigisme has remarkably succeeded in preserving French influence in the aviation sector. Air France remains a French-managed airline, even within the Air France-KLM group, Airbus remains based in Toulouse, despite its multinational status, and the French state remains a strategic shareholder. The instruments have changed and the legal framework has evolved, but the underlying identity with the conviction that aviation is a national strategic asset, and that the state has a duty to shape its trajectory thanks to grandeur, sovereignty and technocratic prestige, has persisted in French political culture.

The question that the rest of this chapter will address is whether this persistence represents a genuine transformation of French national identity or its strategic redefinition through new institutional mechanisms. The answer, as the following sections will show, is neither simple transformation nor simple continuity. For French identity, Europeanized dirigisme means that France has learned to pursue its national objectives through new European means, which have nonetheless reshaped its relationship with industry. As Lawton observed, "nation states remain in control politically and only allow the EU to increase its competencies when and where it is most expedient."<sup>104</sup> France refused to surrender its sovereignty and preferred to transfer its exercise to the European level. Europeanized dirigisme is thus an evolution of the old national and unilateral dirigiste model, while the new one is European and negotiated. But the logic that the state has a duty to guide the trajectory of strategic industries, such as aviation, remains intact.

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<sup>104</sup> Thomas C. Lawton, "Governing the Skies: Conditions for the Europeanisation of Airline Policy," *Journal of Public Policy* 19, no. 1 (1999): 108.

### 4.3 Air France-KLM: national identity negotiated, not abandoned

Strategic shareholding and Europeanized dirigisme represent the French state's adaptations of its political instruments and institutional strategy. The 2004 Air France-KLM merger constitutes the most accomplished and complex expression of these adaptations in practice. The merger brought together two national airlines, one French and the other Dutch, within a cross-border partnership that preserved each airline's national identity and operational autonomy, while creating a single economic entity. For France, this merger was a new form of negotiation, not the end of its dirigiste tradition. The state accepted that it could no longer own Air France entirely, but it ensured that it would continue to influence the airline's strategic direction through strategic shareholding, negotiated governance, and the structural preservation of French industrial sovereignty within a cross-border partnership. The Air France-KLM merger is a form of Europeanized dirigisme in aviation. It is less visible, more constrained, but still driven by the conviction that the French state has a duty to shape the destiny of its national airline.

In the early 2000s, the French state faced a dilemma that would have been inconceivable twenty years earlier. Air France, the national airline that had embodied French grandeur and sovereignty for half a century, could no longer survive on its own. The pressures examined in Chapter 3 had accumulated to such an extent that the purely national model of airline ownership and operation was no longer viable. The most immediate pressure was financial. Air France had been protected from market competition for so long and had never developed the commercial discipline necessary to survive without state support. Its cost structure was high, its productivity lower than its competitors, and its dependence on state subsidies had generated structural inefficiencies that decades of unconditional support had allowed to accumulate.<sup>105</sup> The "Renault model" of conditional restructuring, applied to Air France in the early 1990s, had imposed some discipline, but Air France was still too small to compete globally and too inefficient to be cost-competitive.

The second pressure was regulatory. EU competition rules were making it increasingly difficult for the French state to provide the unconditional financial support that had allowed Air

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<sup>105</sup> Jonah D. Levy, "The Crisis of Identity of Post-Dirigiste France," *French Politics and Society* 14, no. 1 (1996), 41.

France to survive decades of commercial losses. The "market economy investor principle," as Lawton demonstrated, required that state support be structured as a commercial transaction that a private investor might undertake.<sup>106</sup> These imposed new conditions, such as restructuring plans, capacity reductions, limits on acquisitions, that constrained the state's freedom of action. The French state could still save Air France, but only under severe conditions approved by the European Commission.

The third pressure was competitive. The liberalization of European air transport, completed in 1993, opened Air France's domestic and European markets to competition from low-cost airlines like Ryanair and EasyJet. These new competitors had fundamentally different cost structures and business models. They eroded Air France's profitability on short-haul flights. At the same time, global consolidation among airlines with the formation of the Star Alliance, oneworld, and SkyTeam, created new competitive dynamics that no single European airline could keep up with alone. As Gudmundsson points out in his analysis of the Air France-KLM merger, KLM's leadership had concluded in the early 2000s that a partnership with one of the three major European airlines, British Airways, Lufthansa, or Air France, was inevitable. The strategic idea was that globally, there would be room for only three major alliances, each centered in Europe around one of these three airlines.<sup>107</sup> For France, this situation was strategically intolerable but economically unavoidable. The state could not let Air France fail as the political and symbolic consequences would have been catastrophic. But it could not continue to support the airline indefinitely under European regulations. The only viable solution was a cross-border partnership that would preserve French influence without violating EU competition rules.

The merger, announced in September 2003 and finalized in May 2004, was a carefully constructed piece of legal and financial engineering. It was designed to preserve national interests on both sides of the border. Its logic was simple: each country would preserve control of its national identity and strategic assets, while the merged group would reach the size necessary to compete globally. The legal construction of the merger reflected this logic. Air France acquired KLM. The group's holding company was based in Paris, and Air France's CEO, Jean-Cyril Spinetta, became CEO of Air France-KLM. KLM kept its brand, its air operator's certificate, its hub at Amsterdam-Schiphol Airport, and much of its operational autonomy. The

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<sup>106</sup> Thomas C. Lawton, "Governing the Skies: Conditions for the Europeanisation of Airline Policy," *Journal of Public Policy* 19, no. 1 (1999): 102-103.

<sup>107</sup> S. V. Gudmundsson, "Mergers vs. Alliances: The Air France-KLM Story," SSRN Working Paper (2019), 9-10.

group structure was designed on the model of "two airlines under one banner", with each airline remaining responsible for its own day-to-day commercial and operational management.<sup>108</sup> The governance arrangements were carefully negotiated to balance French and Dutch interests. A Strategic Management Committee (SMC), composed of four representatives from Air France and four from KLM, was established as the governing body of the new group. It was responsible for defining the overall strategy, network coordination, budget and medium-term planning, fleet and investment strategy, and alliance strategy. The SMC was managed by the CEO of Air France-KLM, who had the deciding vote on all decisions, except those concerning changes to the guarantees given to KLM and the scope of the group activities.<sup>109</sup> The most sensitive aspect of the merger concerned voting rights and the protection of Dutch traffic rights. For a three-year transition period, the holding company owned 100 percent of KLM's economic rights but only 49 percent of its voting rights. The remaining 51 percent of KLM voting rights were shared by two Dutch foundations and the Dutch state, thus guaranteeing the protection of traffic rights in accordance with the bilateral air services agreement concluded by the Netherlands.<sup>110</sup> At the end of this transition period, the voting rights were to be transferred to the holding company, but the Dutch state kept a preferred share and continued to exert influence over key decisions.

For France, the merger achieved what direct ownership no longer could. The state reduced its stake in Air France from 54 percent to approximately 44 percent at the time of the merger, and then to around 14-18 percent in the following years.<sup>111</sup> But this reduction of ownership was accompanied by the maintenance of considerable influence. The French state remained the principal shareholder, with sufficient voting power to block major strategic decisions. Its representatives continued to sit on the board of directors. And finally, the location of the group's headquarters in Paris, the retention of Air France brand and its hub at Charles de Gaulle Airport, as well as the appointment of a French CEO, all demonstrated that this was a French-led company.

For KLM, the main objective was to secure guarantees regarding the preservation of its national identity and strategic position. The Dutch state retained its priority shares, giving it certain rights of governance, including the right to approve share issuance, changes to the

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<sup>108</sup> Air France-KLM, "Document de référence 2004-2005," 45-48. See also Leo van Wijk and Jean-Cyril Spinetta press conference, May 5, 2004, quoted in Sveinn Vidar Gudmundsson, "Mergers vs. Alliances: The Air France-KLM Story," SSRN Working Paper, last revised May 9, 2019, 12, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2142915](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2142915).

<sup>109</sup> Gudmundsson, "Mergers vs. Alliances," 13.

<sup>110</sup> Ibid., 16.

<sup>111</sup> These figures are drawn from Air France-KLM annual reports and French government budget documents. For the post-merger stake, see Air France-KLM, "Document de référence 2004-2005," 45-48.

articles of association, and the dissolution of the company.<sup>112</sup> Furthermore, KLM's alliance with Northwest Airlines, which is a long-standing partnership benefiting from antitrust immunity granted by US authorities, was maintained, thus preserving KLM's position in the transatlantic market.

The Air France-KLM merger is often described as a "merger of equals", which is a legally inaccurate but politically revealing characterization. The two airlines were neither equal in size nor power. Air France was significantly larger. However, the governance structure was designed to give KLM sufficient autonomy to satisfy Dutch policies while preserving French strategic control. France maintained its influence through a variety of mechanisms. The most important was strategic shareholding. The French state retained a minority stake, small enough to comply with EU regulations but large enough to remain indispensable. As the principal shareholder, the state had veto rights over major strategic decisions. These rights were used repeatedly by the French state to protect its interests.

The second mechanism lay in the representation of the French state on the board of directors. State representatives on the Air France-KLM board came from the same Grands Corps that had historically filled the highest positions in French industry. They brought with them technical expertise and a deep understanding of the state's strategic priorities. They actively participated in shaping the company's strategy, advocating for long-term investments, maintaining employment in specific regions, and preserving the Charles de Gaulle hub as the group's main European center.

The third mechanism was the Franco-Dutch governance parity developed into the Strategic Management Committee. While the French chairman held the deciding vote, the committee operated by consensus as much as possible, and KLM representatives had significant influence over decisions affecting the Dutch airline. This parity was a strategic choice because by giving KLM a real voice, France ensured its cooperation and reduced the risk of political repercussion in the Netherlands.

The fourth mechanism involved preserving both brands and connecting hubs. Air France and KLM continued to operate as distinct airlines, with their own staff, their own operating certificates, and their own brand identities. This choice did not optimize efficiency but it was politically necessary. This dual-brand model preserved the symbolic attachment of French and Dutch citizens to "their" national airlines and protected each country's bilateral air service

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<sup>112</sup> Gudmundsson, "Mergers vs. Alliances," 5-6, citing KLM annual reports.

agreements, which required that flights be operated by airlines registered in the country of origin.

Far from being harmonious and smooth, the history of the Air France-KLM has been marked by persistent tensions between the two companies, their employees, and their political leaders. These tensions demonstrate that national identity has never been abandoned. If the merger had truly absorbed national identities within a single European entity, there would no longer be any cause for conflict. The fact that both France and the Netherlands continue to defend their national interests within a cross-border framework shows that Europeanized dirigisme does not eliminate national sovereignty, it simply moves the battlefield.

The most visible tension is financial. KLM has always been more profitable than Air France, and Dutch executives have regularly expressed their frustration at seeing their success used to subsidize the French airline's losses. In 2018, KLM's operating profit was €1.07 billion, compared to €266 million for Air France.<sup>113</sup> This disparity has increased Dutch resentment and calls for greater autonomy, or even separation.

Another tension is cultural. French and Dutch management styles differ significantly, as do their practices regarding labor relations. Air France has been overwhelmed by strikes and labor disputes, while KLM has maintained relatively stable labor relations. The French strike culture has clashed with the Dutch model of consensus, generating tensions within the board and in the Strategic Management Committee. As one analyst observed, the Dutch would leave meetings claiming that an issue had been decided; the French, on the other hand, would say that it had only been considered.<sup>114</sup>

Tensions reached their peak in February 2019 when the Dutch state unexpectedly acquired a 12.7 percent stake in Air France-KLM, matching the French state's holding. The Dutch government justified this move as a defensive measure to protect KLM's interests and preserve Schiphol Airport's position as a major European hub. The French reaction was immediate and hostile. Finance Minister Bruno Le Maire called the move "incomprehensible" and a "raider tactic."<sup>115</sup> This conflict was more about control than money, because the Dutch state feared that Air France-KLM's strategic decisions would increasingly favor Paris at the expense of Amsterdam, and it wanted a voice in those decisions.

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<sup>113</sup> Air France-KLM, "Annual Report 2018," 45.

<sup>114</sup> This observation is drawn from interviews cited in Gudmundsson, "Mergers vs. Alliances," 17.

<sup>115</sup> "Dutch state buys 12.7% stake in Air France-KLM," *Financial Times*, February 27, 2019; "Bruno Le Maire dénonce 'l'incompréhensible' raid de la Hollande dans Air France-KLM," *Le Figaro*, February 27, 2019.

These tensions are often interpreted by market analysts as proof of the merger's failure. But on the contrary, from a European dirigisme perspective, they demonstrate its success. The merger survived fifteen years of conflict, competition, and crisis. It resisted the 2008-2009 global financial crisis, the COVID-19 pandemic, and repeated labor disputes. It preserved two national airlines and two national hubs. And it achieved all this thanks to the governance structure from the outset which, although contested, and constantly renegotiated, proved resilient enough to reconcile national differences while maintaining a single economic entity.

The Air France-KLM merger represents the most complete expression of Europeanized dirigisme in the aviation sector. It marks the transformation of French industrial policy. The French state has moved from direct ownership to strategic participation, from unconditional support to conditional influence, from unilateral command to negotiated governance. However, the objective remained constant: to preserve French influence over a strategic national asset.

The contrast with the Concorde is very interesting. The Concorde was grandeur in its purest form: a project driven by national prestige, financed without regard for commercial logic, and justified by civilizational ambition. It was magnificent, but unsustainable. Air France-KLM represents a negotiated grandeur: commercially rationalized, legally regulated, and politically contested, but still driven by the conviction that France has a duty to shape the destiny of its national airline. The merger did not solve all of Air France's problems. The company remains less profitable than its European competitors, labor relations remain tense, and the competitive pressures from low-cost carriers and Middle Eastern airlines continue to intensify. But the French state learned that it can no longer impose its will; it can only exert influence. And this influence, exercised through strategic investments, board representation, and political negotiation, proved sufficient to protect French interests without violating EU rules.

The Air France-KLM merger signifies that France has accepted that its national airline can no longer be exclusively French. However, it has not accepted that its airline should no longer be French-led. The preservation of two distinct brands, two hubs, and a negotiated governance structure reflects the priority given to national identity. Therefore, this merger represents a pragmatic adaptation, which assumes that the state can exert influence over its airline without being its exclusive owner.

## 4.4 Airbus: French political culture projected onto a multinational structure

Whereas Air France-KLM embodies the negotiation of French identity within a cross-border merger of airlines, Airbus represents its projection onto a multinational industrial structure. From its creation in 1970 as a French-led consortium to its transformation into a publicly traded multinational, Airbus has been the vehicle through which French political culture has been projected onto the European and global stage. The French state no longer directly owns Airbus, but it continues to shape the company's trajectory through strategic shareholding, the presence of engineers from the prestigious *Grandes Écoles* in management positions, and the use of European frameworks to serve its national objectives.

By the late 1990s, the GIE structure had become untenable. The scale of investment required to develop new aeronautical programs exceeded the capacity of state loans. The GIE had preserved French control through the allocation of industrial assets and the leadership of French engineers. However, the consortium's governance, which required unanimous agreement from all partners, was too slow and too politicized given the competitive dynamics of the global aircraft market. Furthermore, the European Commission was increasingly hostile to launch aid, so the solution was the creation of the European Aeronautic Defence and Space Company (EADS) in 2000, as discussed earlier in Chapter 2. As Thornton demonstrated, the context in which Airbus was conceived consequently shaped the organizational structure and operational procedures that proved so effective in responding to the American challenge.<sup>116</sup> France did not surrender control; it adapted the way it was exercised. Indeed, as Thornton observed, “States do not easily surrender control of strategic industrial assets, even when they are committed to collaboration”<sup>117</sup>.

The most visible evidence of French influence on Airbus lies in the final assembly center, the true intellectual heart and site of physical completion for each aircraft. All Airbus aircraft, from the A320 to the A380, are assembled in Toulouse, in the South West of France. This is a political decision, embedded in the consortium's governance structure and preserved through successive restructurings. This choice was the subject of political negotiations as France insisted on keeping the most visible and symbolically significant part of the production process on its soil. Toulouse's political importance extends beyond the purely economic sphere,

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<sup>116</sup> Thornton, "Politics of International Industrial Collaboration," 2-3.

<sup>117</sup> *Ibid.*, 298.

as the city has become the capital of French aerospace industry, home to engineering schools, research centers, and a dense network of suppliers. The Airbus assembly line has even become a tourist attraction for those wishing to observe aircraft construction. Toulouse thus stands as living proof that the technocratic model of state-led industrial ambition remains a reality. The determination to keep final assembly in France reflects a conviction the state has a duty to shape the trajectory of strategic industries, even when market logic might suggest otherwise. For instance, when Airbus considered relocating the final assembly of the A380 from Toulouse for commercial reasons, the French state opposed it. And when the company considered consolidating its engineering activities in Germany, the state negotiated to preserve French expertise. This demonstrates that the state's influence was enough to maintain Toulouse as a major hub of the European aviation industry.

The Airbus case also illustrates Lawton's observation that nation-states retain political control and only allow the EU to expand its powers when and where it is most advantageous to them.<sup>118</sup> France has consistently supported industrial policy initiatives at the European level, such as the European Investment Bank's loan programs, the Horizon Europe research funding program, and defense cooperation, which direct EU resources toward French strategic priorities. At the same time, it has opposed Commission intrusions in areas where national control remains essential, such as decisions regarding the location of industries and the appointment of senior executives. Furthermore, the continued presence of Grands Corps engineers at the head of Airbus illustrates the argument made in Chapter 1: the elite adapts its forms but preserves its essence. And although the influence of the Grands Corps has weakened in French industry since the 1990s, the connection has remained strong at Airbus. This persistence confirms that these engineers understand the state's strategic priorities, are comfortable with long-term planning, and maintain networks that link Airbus to the French administrative elite.

Despite its success, the Airbus model has some limits. The most striking example is the 2012 decision to launch the A320neo, a re-engined version of the existing A320 family, rather than an entirely new aircraft designed and assembled primarily in France. German shareholders and foreign investors favored the least risky and least expensive option, and French preferences for a more ambitious project were dismissed. The decision was rational, as the A320neo has been commercially successful, but it was not the one France would have made on its own.

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<sup>118</sup> Lawton, "Governing the Skies," 94, citing Andersen and Eliassen.

A second limit lies in the cost of preserving Toulouse. The concentration of final assembly in France has created a dependence that makes the French economy vulnerable to fluctuations in the aerospace cycle. When Airbus reduces its production, the impact on Toulouse and its region is considerable. The French state has accepted this risk as the price to pay for maintaining its strategic control, but the risk is real.

A third limit is that Europeanized dirigisme demands constant political attention. This is an ongoing process of negotiation, compromise, and legal ingenuity. Each new aircraft program, each new state aid package, each new governance reform forces France to mobilize its diplomatic resources to defend and protect its interests. This is hard work, and the French state does not always succeed.

Despite these limits, the Airbus model has remarkably succeeded in preserving French industrial expertise in a strategic sector. The French state no longer owns the company, but it still guides its development. With the use of different instruments, the objective of maintaining a high-level French aviation industry has been achieved. And even though the Concorde is gone, Toulouse continues to build Airbuses, and France continues to fly.

The transformation of Airbus means that France has accepted that its aerospace champion can no longer be purely national, while ensuring that its champion remains deeply rooted in French reality. Airbus is therefore the very example that the old and new dirigiste models are compatible. The old model assumed that France could build a national champion on its own. The new model assumes that France can build a European champion while maintaining national control.

## **4.5 The limits of change: why adaptation has not altered the nature of French national identity**

The preceding sections have outlined a series of adaptations in French aviation policy: the shift from direct ownership to strategic shareholding, the projection of industrial ambitions onto European institutions, the negotiated governance of the Air France-KLM merger, and the transformation of Airbus from a French-led consortium into a multinational corporation. Each of these adaptations represents a significant change in the instruments, legal forms, and governance structures through which the French state engages with the aviation sector. The state used to command, own and act unilaterally. Now, it influences, shares and negotiates. But have these adaptations altered the very nature of French national identity? Has the identity identified in Chapter 1, based on the three pillars of grandeur, sovereignty, and technocratic prestige, been transformed by the pressures of European integration and globalization? Or has it been strategically redefined, preserving its essential logic while adapting its institutional expression?

This section argues that the adaptations examined in this chapter constitute a strategic redefinition, not a true transformation. Even though the instruments have changed, the underlying identity, namely the conviction that the state has a duty to guide the trajectory of strategic industries, that aviation is a source of national prestige, and that French technological excellence must shine internationally, has persisted. The French state has learned to cope with new constraints, but it has not embraced the market logic that these constraints were intended to promote. It has become more sophisticated, more patient, more European, but it has not become liberal.

The most significant changes concern the instruments of control. In the national champions era, the French state owned 100 percent of Air France, controlled aircraft manufacturers through nationalization, and exercised direct authority through the DGAC. Today, the state holds minority stakes in Air France-KLM and Airbus, and therefore no longer exercises direct control. Instead, its influence is now exerted through shareholding, board representation, and political negotiations. The legal framework has also evolved profoundly. In the past, the French state could grant unconditional subsidies to Air France, protect its manufacturers from foreign competition, and direct investment toward technologically ambitious projects, regardless of their profitability. Today, EU competition rules constrain state aid and industrial subsidies. The French state can no longer bail out Air France without

conditions. It must structure its support to respect the market economy investor principle. And it cannot protect Airbus from foreign competition anymore because the company must be competitive on price, quality, and innovation.

These changes are real and significant. The French state has adapted, but adaptation is not transformation. First, the conviction that the state has a duty to shape the trajectory of strategic industries remains intact. The French state has not accepted the market logic that EU liberalization aimed to promote. It has not become a neutral regulator, letting markets allocate resources and determine industrial outcomes. It continues to intervene through strategic shareholding, conditional support, public investment banks, and regulatory negotiations. The instruments have been Europeanized, but not the instinct to intervene. This tenacity is evident in every adaptation examined in this chapter. The state holds shares precisely to influence market outcomes. Europeanized dirigisme would be unnecessary if the state were letting EU rules dictate policy. Therefore, the state uses European frameworks precisely to preserve its national influence. The Air France-KLM merger would have been different if France had abandoned its commitment to national airlines. Maintaining two brands, two hubs, and a negotiated governance structure reflects the priority given to national identity. And the continued presence of Toulouse as a hub for European aerospace reflects the importance of national industrial development.

Second, the conception of aviation as a vehicle for national prestige persists. The French state still considers Air France and Airbus as symbols of technological excellence and international influence. When Air France-KLM received state aid during the COVID-19 pandemic, the justification was economic, but also national. France could not afford the bankruptcy of its national airline, as such disaster would have been perceived as a failure of French civilization. When Airbus launches a new aircraft program, the announcement is never purely commercial. It is a political statement that France, a leader in Europe, continues to position itself at the forefront of technology. Even if the Concorde is gone, the mentality that gave rise to it lives on. The French state continues to support technological ambitions in ways that are compatible with European regulations to keep its objectives. For example, the A350, which is Airbus' latest long-haul aircraft, was developed with structured state support as repayable loans approved by the European Commission.

Third, the role of the technocratic elite has persisted, even if its form has evolved. The Grands Corps no longer dominate French industrial management with the same intensity as in the national champions era. Corporate governance practices have become more internationalized, and some major French industrial groups have appointed executives without

Grands Corps backgrounds. But at Air France-KLM and Airbus, the link between the French technocratic elite and industrial leadership has remained strong. The state's shareholding gives it influence over appointments, and the technical complexity of the aviation industry continues to favor the engineering expertise provided by the Grandes Écoles. The persistence of this technocratic elite is evident in the career paths of French aviation leaders. For example, Jean-Cyril Spinetta, who led Air France during the merger with KLM, was a graduate of the École Nationale d'Administration (ENA) and the Inspection des Finances. His successor, Alexandre de Juniac, was also an ENA graduate. At Airbus, Guillaume Faury, the current CEO, graduated from the École Polytechnique and is a member of the Corps des Mines. These specific institutions have evolved: the ENA has been reformed and the relative prestige of the Corps has declined, but the model of training and transmission of elites has persisted.

The deepest continuity is at the strategic level. Since the Colbertist era, the French state has pursued the same fundamental objectives: to develop and maintain national industrial capacity in strategic sectors, to project French technological excellence onto the international stage, and to preserve national autonomy against external pressures. To do this, the instruments have evolved from protectionism to nationalization, then to strategic shareholding, and finally to Europeanized dirigisme. However, the strategic logic has remained constant. It is particularly visible in the progression from Colbert to de Gaulle, and to contemporary Europeanized dirigisme. Colbert created state-owned factories to demonstrate French civilizational power. De Gaulle launched the Concorde to show that France could compete in the technological field. And today, French policymakers support Airbus and Air France to prove that France, as a leader in Europe, remains a global power with the same convictions as before. This continuity is also evident in the French approach to European integration because France has always sought to shape European institutions in its own image, namely by using EU frameworks to pursue its national objectives rather than ceding its national sovereignty to supranational authority. The Common Agricultural Policy, the European Investment Bank, the Airbus consortium, and the European Defence Fund all bear the sign of French industrial strategy.

As Levy observed in his analysis of post-dirigiste France, the crisis of the 1980s and 1990s was a crisis of political instruments, but even more a crisis of identity.<sup>119</sup> France no longer knew what kind of state it wanted to be. The resolution of this crisis was the transformation of dirigisme towards a Europeanized dirigisme, a model preserving the substance of French

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<sup>119</sup> Jonah D. Levy, "The Crisis of Identity of Post-Dirigiste France," *French Politics and Society* 14, no. 1 (1996), 36-44.

industrial policy while adapting its forms to the constraints of European integration and globalization. But despite its creativity and persistence, Europeanized dirigisme has limits. The French state cannot do today what it did in the national champions era. It cannot launch a project like the Concorde, financed without regard for cost and justified only by national prestige. It cannot bail out Air France without conditions by protecting the airline from market discipline indefinitely. Nor can it dictate to Airbus where to locate its assembly lines or how to design its aircraft. On the contrary, the French state must share power, negotiate, and compromise. These limits represent a real reduction in the French state's capacity to shape industrial outcomes. In the national champions era, the state commanded, now it only influences. The launch of the A320neo rather than an entirely new aircraft, the relocation of some A320 assembly to Hamburg, the persistent profitability gap between KLM and Air France, all of these decisions are not what France would have chosen without external constraints.

In addition, Europeanized dirigisme requires constant political attention and diplomatic efforts, as it is a continuous process of negotiation. Each new request for state aid and each new merger proposal requires France to mobilize its resources to defend its interests. This is a difficult task and the French state does not always succeed. In the event of failure, Europeanized dirigisme gives way to market outcomes that France is unwilling to face. However, despite these limitations, there has been no fundamental transformation of French national identity through the acceptance of European industrial constraints. A true transformation would involve a change in the essential objectives of French industrial policy, and not just in the instruments used to achieve them. The French state would have to accept that aviation is an industry like any other and that market outcomes are legitimate even when they conflict with national preferences. But such transformation has not occurred. The French state continues to intervene and to consider aviation as a national strategic asset. It still deploys state resources through shareholding, conditional subsidies, public investment banks, and regulatory negotiations, all to influence industrial outcomes. The intervention persists even if the instruments are more subtle, more European, and more in line with market forces. The European Commission's competition rules constrain French industrial policy, but France has learned to work within these rules, to shape them through negotiation and to exploit their ambiguities.

The French state has long been characterized by what Eymeri-Douzans calls "the long-lasting and probably exaggerated pretension to act as an immodest State which exerts a tutelary benevolence in and over society."<sup>120</sup> This pretension is now constrained. The state can no longer act unilaterally, give direct orders, or finance prestige projects without regard for the costs. The question is whether the state can remain "immodest" when it must share power, negotiate, and compromise. Yet, the conviction that France has a unique role to play in the world remains strong. And as Girling observed, the Gaullist era marked the "culmination of French 'exceptionalism' in terms of economic protectionism, state-owned enterprises, an elitist power structure, and a foreign policy of grandeur."<sup>121</sup> These aspects have evolved since then, but the underlying conviction that France cannot be France without grandeur has not disappeared.

Ultimately, the central argument of this thesis is that French national identity has been strategically redefined, not fundamentally transformed. The three pillars of French political identity have adapted to the pressures of European integration and globalization. The adaptations examined in this chapter, such as strategic shareholding, Europeanized dirigisme, the Air France-KLM merger, and the transformation of Airbus, are real and significant. Today, the French state shares and negotiates, but its objectives have remained constant. It hopes to preserve French industrial influence in a strategic sector, to project its technological excellence onto the international stage, and to maintain national autonomy. Europeanized dirigisme, despite its limits and contradictions, has proven remarkably effective in preserving French influence in the aviation sector. Toulouse still builds Airbuses even though the Concorde is no longer in operation, and Air France remains under French management even if it is not a state-owned company anymore.

But do influence without command, sharing without ownership, and negotiation without unilateral action truly constitute a new identity? Or do they represent a weakening of the old one, namely a diminished grandeur, a surrender of sovereignty, and a decline of technocratic prestige? Nonetheless, it is possible that French identity is transforming without anyone noticing. The instruments have changed so gradually that even this transformation may have gone unnoticed. Even if the state still intervenes, its interventions are weaker and more controlled. And the technocratic elite still exists, but its authority is contested. This then raises the question: is Europeanized dirigisme a successful adaptation or a slow capitulation? Perhaps

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<sup>120</sup> Jean-Michel Eymeri-Douzans, "The French Neo-Weberian State: A Hybridized and Resilient Model for Turbulent Times," *Journal of Public Sector Studies* 39, no. 3 (2024): 2-3.

<sup>121</sup> John Girling, *France: Political and Social Change* (London: Routledge, 1998), 3.

the most honest answer is that we do not yet know. The crisis of the 1980s and 1990s was an identity crisis, and it is not certain that France has truly resolved it since. The old model has collapsed. The new model is emerging but is not yet fully developed, and Europeanized dirigisme is still a work in progress. The question of whether it will preserve French identity or transform it thus remains open.

## CONCLUSION

All in all, this thesis traces the relationship and the evolution of French political identity and aviation policy from the postwar national champions era to the present day. It examines the pressures imposed by European integration and globalization, as well as the adaptations implemented by France in response to these pressures. The more fundamental questions are whether these adaptations have truly transformed French national identity or if they have strategically redefined it, and why France persisted in viewing strategic industries as instruments of national prestige, even when they conflicted with European rules and market logic. The answer explored in this thesis is clear: the instruments have changed, but the identity has not, it has adapted.

Evidence from the four case studies demonstrates that French political identity rests on three enduring pillars: grandeur, sovereignty, and technocratic prestige. They have shaped concrete policy choices. This thesis shows that they have not disappeared under the pressure of European integration and globalization. They have rather adapted by finding new forms of expression. Grandeur is now expressed through European projects such as Airbus, rather than through purely national ambitions like the Concorde. Sovereignty is exercised through negotiated governance within cross-border partnerships, like Air France-KLM. Technocratic prestige persists thanks to the constant presence of Grands Corps engineers in key positions, even as the original French entities have evolved into multinational corporations.

Each adaptation examined in this thesis tells a similar story. Strategic shareholding enabled the French state to maintain its presence in Air France without violating EU rules, demonstrating a repositioning of the state. However, the limitations of this approach are also evident: the Concorde could never have been built within such a framework. Moreover, France did not comply with European constraints but it actively helped to shape them. It used EU institutions as instruments to serve national objectives. The Airbus consortium, Bpifrance, and the direction of EU competition policy all illustrate this logic. As Lawton has pointed out, states retain political control and transfer powers only when it serves their national interests. France has applied this principle with remarkable skill, and the notion that the state has a duty to guide the trajectory of strategic industries remains unchanged.

The Air France-KLM merger and the transformation of Airbus into a multinational enterprise illustrate this same dynamic. In both cases, France recognized that purely national structures were no longer viable. Nevertheless, it succeeded in preserving strategic influence through shareholding, negotiated governance, the retention of Toulouse as a major hub, and the continued presence of French elites in leadership positions. The old dirigiste model held that control necessarily implied ownership, whereas the new model rests on the principle that influence can be maintained through other means.

However, these successive adaptations come at a cost. The French state can no longer act with the freedom it once enjoyed, nor can it finance prestige projects without regard for costs. It can no longer protect its champions from competition or dictate industrial outcomes. Now, it must negotiate, compromise, and sometimes accept outcomes it would not have chosen. That is why Europeanized dirigisme does not constitute a stable equilibrium. It is a continuous process of negotiation and renegotiation requiring constant political attention and diplomatic effort. When these efforts are lacking, market forces prevail.

The central research question of this thesis was whether the successive adaptations of French aviation policy reflected a genuine transformation of French national identity or its strategic redefinition through new institutional mechanisms. The answer is strategic redefinition because such transformation would imply a change in the fundamental objectives of French industrial policy, and not only in the instruments used to achieve them. Furthermore, the French state would have to accept that aviation is an industry like any other, without any particular obligation to shape the trajectory of strategic sectors. However, there is no evidence that such a transformation has taken place. The French state continues to intervene and to consider aviation as a national strategic asset. The instruments are just more subtle and more European. The French state also continues to resist market forces when they conflict with national preferences. The Air France-KLM merger was structured to preserve French strategic influence, and the preservation of Toulouse as the final assembly center for Airbus was a purely political decision.

This thesis contributes to several broader debates. It seeks to enrich the academic discussion on French political culture by proposing a precise analytical framework that links identity to industrial policy. It demonstrates how specific elements of French political identity, namely grandeur, sovereignty, technocratic prestige, have shaped concrete policies over time. Moreover, it studies European integration by showing how a member state can adapt to EU constraints without internalizing its norms. France has not Europeanized itself in the sense of

abandoning its national industrial model. On the contrary, it has learned to use European frameworks to serve its own national objectives. These findings challenge narratives of Europeanization as a one-way process of convergence toward a liberal market model. Finally, this thesis contributes to the broader literature on globalization and national identity by demonstrating that national identity is not static. It is a set of resources that can be mobilized, adapted, and redefined according to changing circumstances.

This thesis focused on aviation due to its particularly strategic nature. Highly visible, technologically sophisticated and symbolically charged, it constitutes a relevant case to study for assessing the resilience of French political identity. However, the findings are not necessarily generalizable to other industrial sectors and future research could examine whether similar adaptation patterns have occurred in other strategic sectors, such as nuclear energy or high-speed rail. Furthermore, this thesis primarily focused on France. Another comparative research could examine whether other European states, such as Germany, Italy, or the United Kingdom, have developed similar strategies of using European frameworks to preserve their national influence in strategic sectors. Such research would help clarify the conditions that make Europeanized dirigisme possible. Finally, this thesis has traced the evolution of French aviation policy to the present day, but the future remains uncertain because some issues facing French aviation, such as climate change or the emergence of new competitors, are very complex. Therefore, the capacity of Europeanized dirigisme to endure the next crisis remains an open question.

In summary, the central argument of this thesis, which answers to the research question that has guided this work from the outset, is that French national identity has been strategically redefined. It has not been fundamentally transformed. The three pillars of French political identity have adapted to the pressures of European integration and globalization, and they have found new ways to express themselves. The French state has learned to pursue grandeur through European cooperation, sovereignty through negotiated governance, and technocratic prestige through internationalized elite networks. It has become Europeanized without becoming liberal. And this Europeanized dirigisme, despite its limits and contradictions, has proven highly effective in preserving French influence in the aviation sector.

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