

HOUSING BUILDING, NATIONAL OR INTERNATIONAL LOGIC?

The case of the “Société Auxiliaire d’Entreprises” (1950-1992)

Summary: the company Société Auxiliaire d’Entreprises (Auxiliary Company or S.A.) was incorporated in 1924 to build power dams. When searching for new outlets, it turned over to residential construction activities in the 1950’s. Under the leadership of two renowned contractors, it managed within a few years to pull itself to the first rank of the French building trade companies. It was the first example of a large company, in the modern meaning of the word, in the French housing history.

The S.A.’s history is characterised by two following models of development. During the 1950-1960’s., it set up success on the national market. Exceptional social demand, outstanding organization and technical strategies deterred it from looking for new orders beyond the French borders.

The crisis and the slump of the French market starting 1974 led it to take advantage of international opportunities, like other big building companies. In spite of risks in Third world countries, strong growth allowed it to become one of the most important international building groups.

Résumé: la Société Auxiliaire d’Entreprises (S.A.) a été créée en 1924 pour construire des barrages hydroélectriques. A la recherche de nouveaux débouchés, elle se tourne vers la construction de logements durant les années 1950. Sous la conduite de deux entrepreneurs d’envergure, elle réussit en peu d’années à se hisser au premier rang des entreprises françaises de bâtiment. Elle offre le premier exemple de grande entreprise, au sens moderne du terme, dans l’histoire du logement en France.

L’histoire de la S.A. se caractérise par deux modèles successifs de développement. Durant les années 1950-1960, elle s’impose avec succès sur le marché français. Une demande sociale exceptionnelle, une organisation remarquable et des choix techniques judicieux la dissuadent d’aller chercher des marchés au-delà des frontières nationales.

La crise et le marasme du marché français à partir de 1974 la conduisent à s’intéresser aux opportunités à l’étranger, comme les autres grandes entreprises. En dépit des risques des marchés des pays du Tiers-Monde, une croissance vigoureuse lui permet de devenir un des plus grands groupes de construction internationaux.

Building industry, particularly house building, is one of the main branches of economy, as regards to the number of jobs. Its social part, that meets an essential primary need; accommodation, is still more important. In this activity, the production is characterised by very numerous small companies, that act locally, medium size companies with regional areas and some large groups that, often, combine public works and building in national or international markets. It seems interesting to study the conditions of the internationalization of large building trade companies.

We have chosen a major example, the Société Auxiliaire d'Entreprises (in this paper named *Auxiliary Company* or *S.A.*), which reached the first rank of the French construction companies during the second part of the last century¹. We will try to answer three main questions: does historical connection between the kind of production and the absence of internationalization of a firm exist? What are the internal and external factors that allow foreign markets search? Can the past of a company explain its capacities to open abroad?

The essential periods of this history are two: that of closed markets between 1950 and 1975, and that of the internationalization after 1975. But the origin of the S.A. is essential to understand what follows afterwards.

I Lacking opportunities from the origins

The 25 first years of the S.A.'s existence were characterised by repeated failures of the internationalization of its activities, whether the economic situation was bad or its internal possibilities were insufficient.

Nevertheless, The Société Auxiliaire came from a part of the economic life where global activities were rather ancient, at least for big companies². Starting the middle of the nineteenth century, French construction companies turned to working abroad, thanks to the reputation of the French engineers. The symbolic work was the construction of the Suez channel in 1869, at which the biggest companies participated³. In the beginning of the twentieth century, it was possible to speak of conquering of markets towards Mediterranean countries, Russia, Latin America, China. The French civil works pulled themselves to the second rank in the world, behind Great Britain. Ports and tunnel were French specialities all over the world.

¹ For an overall study, Jambard P., *La Société Auxiliaire d'Entreprises et la naissance de la grande entreprise française de bâtiment (1924-1974)*, Paris IV-la Sorbonne, 2006

² Barjot D., *La grande entreprise française de travaux publics (1883-1974). Contraintes et stratégies*. Paris IV-Sorbonne, 1989

³ Barjot D., *Travaux publics en France. Un siècle d'entrepreneurs et d'entreprises (1882-1992)*, Paris, ENPC, 1993

But the SAE didn't belong to this tradition. The reason is found in its origins. Founded in 1924, it is incorporated as a subsidiary of an energy group to build dams. The years after the Great War were the time of the electrification of France, particularly the countryside⁴. The SAE was charged with the realisation of important projects in the south west of France: between 1924 and 1932, it built a dozen of dams, specially in the mountain of Pyrénées, an important region for electric power⁵. Without caring of outlets, the company didn't try to look for external markets, although its manager, Gino Valatelli, came from Italy⁶. Becoming independent in the 1930's, as a result of the death of the group's chairman and the failure of one of the stockholders, the S.A. had to fight against the recession which hit the French civil works severely⁷. From the international point of view, that period was not favourable to a prospecting of foreign outlets. The globalization of the world economy fell back strongly on behalf of *national capitalisms*, as said J. M. Keynes. The crisis conjured away an opportunity that would be essential for the S.A.. The group owner of the company had ambitious projects in Eastern Europe to build power dams, particularly in Rumania and Poland. According to a tradition in the French electric industry, the managers called over Swiss funds, coming from the Elektrobank of Zurich and Indelec of Basel⁸. With such resources, the managers could entrust the S.A. with very important projects outside France. World recession ruined these hopes. Another possibility could be the outlets in the colonial empire, during a period where France orientated its trade towards colonies. But The S.A. didn't have enough means to settle in North Africa or Indochina, as the competitors did. The following Second World War strengthened the trend and SAE tried to survive in France accepting many little projects⁹.

Starting 1945, once more, the economic situation is unfavourable to internationalization of S.A.'s activities. French energy production had to be modernized and increased. So the company obtained many orders for hydraulic dams and took no interest in others markets. But, with the nationalization of French electric production in 1946, the

⁴ Levy Leboyer M., Morsel H., *Histoire de l'électricité en France (1919-1946), T.II, Paris, Fayard, 1994*

⁵ Bouneau C., *Modernisation et territoire. L'électrification du Grand Sud-ouest de la fin du XIX^e siècle à 1946*, Bordeaux, Fédération Historique du Sud-Ouest, 1997

⁶ Jambar P., « Gino Valatelli ou la réussite d'un entrepreneur (1924-1964) » in *Cahiers des Annales de Normandie*, Caen, Musée de Normandie, 2001, n°31

⁷ Dard O., *Les années trente*, Paris, coll. France contemporaine, 1999

⁸ Segreto L., « Le rôle des investissements suisses dans l'industrie électrique française jusqu'à la Deuxième Guerre mondiale », in *Stratégies, gestion, management. Les compagnies électriques et leurs patrons (1895-1945)*, Actes du XX^e colloque organisé par l'Association pour l'histoire de l'électricité en France, Paris, février 1999

⁹ Barjot D.(dir.), *Stratégies industrielles sous l'occupation*, HES, Paris, n°3, 1992

recently created EDF was the nearly exclusive customer of SA¹⁰. This situation became very dangerous when EDF changed its policy, by turning to thermal energy in 1948¹¹. Then, without new markets, S.A. intended to find others markets outside France. Like before the war, two directions were possible for the French companies: the French Union and countries out of the Franc Area. The possibilities seemed always important in the colonies, except for Indochina at war. Abroad, Latin America and Middle East formed favourable zones for growth.

Valatelli, who was aware of the weakness of his company, choose to prospect towards only two directions: Morocco and Spain. The “Société Auxiliaire Africaine d’Entreprises” (in Africa) was founded in 1950 but the attempt failed. There were many competitors and Morocco, troubled by disturbances before its independence, stopped being an interesting market. On the contrary, Spain, where Valatelli began his career before 1914, seemed more favourable. Franquist regime lacked well-equipped companies to realize important projects, particularly in hydraulic farming. As the Spanish law didn’t permit a foreign company to control a subsidiary on the territory, so SA created one, *Técnicas Especiales*, in association with OCISA, a well-known Iberic firm¹². It took part in important underground projects in the north-east of the country, specially in the province of Leon. But this brought only a complement of activity, without accurate numbers from archives. During the early 1950’s, redeployment of the growth to overseas or foreign countries seemed impossible and hopes of internationalization reduced, when a new activity appeared for S.A. in the national territory, that’s of house building.

II The French leader of house building (1955-1975)

At the beginning of the 1950’s, the housing shortage was general in France, because of seventy years of disinterest. The launching of a very ambitious policy opened up new markets. The needs were enormous. SA grasped the opportunity to realize a complete redeployment. It knew, then, an extraordinary growth on national market. Nevertheless, the international one was not entirely absent from this success.

¹⁰ Badel L., Barjot D., Morsel H. (dir.), *La nationalisation de l’électricité en France. Nécessité technique ou logique politique ?*, Paris, PUF, 1996

¹¹ Morsel H., *Histoire de l’électricité en France*, t.III, Fayard, Paris, 1996

¹² Jambard P., *La Société Auxiliaire d’Entreprises*, op. cit

In the 1880's, French housing building entered a period of heavy sleep¹³. After the first World War, building efforts remained very weak, above all for popular accommodations. The main reason was rent-freeze in 1914 that discouraged investments¹⁴. After 1945, the demographic revival added up its effects. The lack of accommodations became tragic in France for many years. The greatest part of the French people was badly accommodated. The census of 1954 offered, for the first time, striking information about the deep lateness of the French living spaces: 42% of households had no current water, 73% were without water closet, 90% without shower and central heating. Nevertheless, the reconstruction and modernization plan, called Plan Monnet, determined other priorities in favour of coal, electricity, steel, transportation and cement¹⁵. During many years, France didn't consider the question of accommodation as an urgent problem as did other western Europe countries. In 1952, the German Federal Republic built five more than France.

However, after the liberation of France, a legislation gave means of action to a voluntary policy¹⁶. The 1948 law cancelled the rent-freeze. The problem was to change French habits: for more than a quarter of a century, Frenchmen had spent very few on their accommodation. A regular increase of rents had to assure a reopening of the building market. The *HLM* were created in 1950. In these tenement houses, government allowances and low interest loans were generalized. They could cover eighty per cent of the price of a new housing. But the situation stayed very severe, while protesting movements were developing, as that of *Abbé Pierre* in favour of the homeless. The watershed came in 1953, when the government decided to become the social housing developer. That decision gave its specificity to French housing policy during the "Thirty glorious" years¹⁷. The presence of public sector became then a main feature of the French building, above all by the action of the *Caisse des Dépôts et Consignations* that manages saving banks funds. Taking charge of popular accommodations, this ancient institution found a new mission by the initiative of its president, François Bloch- Lainé, one of the main heads of the economic modernization of France after the Second World War. He decided to create a subsidiary, the *SCIC*, which

¹³ Lescure M., *Histoire d'une filière : immobilier et bâtiment en France (1820-1980)*, Paris, Hâtier-Profil, 1983

¹⁴ For example, in the suburbs of Paris : Bastié J., *La croissance de la banlieue parisienne*, Paris, PUF, 1964

¹⁵ Rioux J.P., *Nouvelle Histoire de France contemporaine*, t.XV, Paris, Seuil, 1980

¹⁶ Brun J. et Roncayolo M., « production de la ville » in Duby G., *Histoire de la France urbaine*, t.V, Paris, le Seuil, 1985

¹⁷ See « Les politiques urbaines françaises depuis 1945 », *Bulletin de L'IHTP*, série Histoire urbaine, supplément n°5, 1984

controlled quickly the most important real estate operations ever seen till then¹⁸. At the end of the 1950's, the *SCIC* had reached the first rank of real estate developers in Europe, with the creation of whole towns. To catch up with its delay, France had to build three hundred thousand housing a year for twenty years. The objective was to double the number of housing constructions. It was reached in only three years. This “soviet” effort supposed to rationalize house building, plan it, pool main contractors¹⁹. National building industry had to realize as much housing as possible with less credit, time, labour and material. A company which was able to meet these standards had in front of it immense prospects.

Starting 1949, Valatelli hoped that lodging orders would allow to compensate the fall of hydraulic projects.²⁰ But the evolution of the French housing policy turned the project into a complete redeployment. During the general meeting of 1952, he announced to the stockholders that the company had to turn toward house building because of world crisis. The qualifying “world” suggested that he was ready to find outlets abroad. But French needs were so important that orders stayed national. They were mostly in connexion with the accelerating industrialization and urbanization of the country. The region of Lorraine, in the north east, was the origin area of the new activities of SA. The *Sollac*, subsidiary of the famous steel company *de Wendel*, was one of the symbols of the modernization of production capacities that deployed, with the help of the European Community of Coal and Steel. The *Sollac* ordered real towns to accommodate thousand of workmen. In 1951 the SA obtained a modest order of 189 housing. The achievement of this first project was difficult. Nevertheless the teams of SA gained quickly other orders in Lorraine. In Forbach, next year, SA trained its first qualified shifts. Projects were finished in six months. This success that press talk about, promoted a fast growth. In a few years, house building became its first activity.

The first very big construction site began in 1954, with four hundred and ten accommodations for American officers in the NATO base of Châteauroux, in the middle of France. The time-limit was very short: only twelve months. Valatelli understood the stake of the market. It was a means to assure the reputation of efficiency of the company. So, the projects were achieved before the deadline. The SA proved it could conduct an important construction project in a record time. This success, very appreciated by the administration, opened new markets to it. Then, a take-off produced, with almost a double production every

¹⁸ Landauer P. , « La Caisse des Dépôts face à la crise du logement (1945-1954) », in Aglan A., Margairaz M. et Verheyde P. (dir.), *La Caisse des Dépôts et consignations, la Seconde guerre mondiale et le XXè siècle*, Mission historique de la Banque de France, Paris, Bibliothèque Albin Michel Histoire, 2003

¹⁹ Boublil A., *Construction, cadre de vie et croissance*, Paris, PUF, 1980

²⁰ Jambard P., « SAE, un constructeur de la ville des Trente Glorieuses », *Entreprises et Histoire*, 2002, n°30

year. Starting 1955, Valatelli could speak of success. Three years, between 1953 and 1955, had been sufficient to realize a redeployment of its activities. The size of the construction zones increased very quickly. In the second part of the 1950's, the Société Auxiliaire worked on six very large-scale operations: three in the Parisian region for lodging the employees of automobile factories, Simca and Renault, and the policemen of the Prefecture of Paris; two in the north east of France, of one of which were for Peugeot car factory. But it was the new town of Mourenx, in the south west, that offered it the possibilities to show all its capacities. The creation of an extensive industrial site was the result of the tapping of Lacq gas resources. Starting 1959, the factories employed more than 2000 people. Built in rural area, the conception was similar to Dutch or British new towns. SA began working in 1957 with a thousand of workmen. Mourenx allowed it to show its high productivity²¹. A team of twenty one men was able to raise a floor of a tower a day. Two hundred or eighty accommodations were delivered every month. At this rate, more than three thousand housing were built in three years, according to a scrupulous respect of the planning. Followed by an extreme attention of the SCIC managers, the technical success of creating a new town from scratch ended by setting SA as the natural partner of public powers for large-scale projects.

The very great majority of the orders to SA were out of usual rules of competition. The context of shortage was sufficient to lay down SA. Its exceptional efficiency made it an obligatory builder for public contractors. The main force of SA was its capacity to meet the demand. Valatelli understood that, in order to have its place in market, his company had to introduce new practices. Until then, builders suffered from a bad reputation because of their disability to end in time. Respecting deadlines became the main rule for SA. It had an image of a serious, qualified and fair partner. It asserted naturally on the social accommodation French market. Another very essential reason was the experience of SA in public works projects. It was not only able to built accommodations, but also streets, car parks, schools and public buildings and the equipment of a town. SA was certainly one of the only French companies which was able to do it.

But its development was also based on narrow relations with main building decision-makers. The acquaintance with the general manager of the SCIC was essential. His requests to SA were like challenges. So, in Mourenx, SA had to promise to deliver one thousand accommodations within a year. The performance encouraged SCIC to choose it for other great projects. SA could also rely on preferential relations with architects. Formally, an

²¹ Peaucelle M., Bruneton-Governatori A., *Mourenx, bât. A, rue des pionniers. Regards croisés sur l'histoire de la ville de Mourenx et du bassin de Lacq*, Mourenx, Lacq, Odyssée, 1999

architect, chosen by the contractor had no possibility of discussion as regards to the selection of the builders. The reality seems very different. The most famous architects, laureates of the *Grand Prix de Rome*, were very important personalities and could influence the decision decisively. The same architects were present on the great projects of SA, particularly these of SCIC. Other decision-makers could be also found among mayors and members of municipalities, that were very fond of quick fulfilment for tenement houses or schools before elections. These personal connections can explain the very special signings of contracts. More than 80 % of the SA markets didn't proceed from standard public procurements, like tender, but from agreements, that are exceptional.

So, till early 1970's, the SA development fed by a very high national growth. During 1960's, gaullist France set a very ambitious policy²². Supplying remained independent on the economic situation and ran under shelter of international competition. SA advantage edges were also indifferent to structural transformations of construction branch. The State developer retired and usual capitalist relations were reintroduced to the French lodging market, above all in favour of banks²³. But SA remained the first of the French big housing companies, thanks to its capacity of organizing innovation. In its case, it was not the classical productive factors, but meanly the residual factor that gave to those latter all their efficiency. But, if its success was marked by a national nature, the international one influenced it in decisive lines of business.

External influences were present in two domains: the first one, exchanges of technology and labour and the second one of markets, with some prestigious achievements. In the technical field, one of the great originality of SA is having looked for experiences in neighbouring countries. From this point of view, it's possible to say that the beginning of its redeployment is a French-German-Italian one. French authorities preferred techniques of construction, which were called integral prefabrication. It was supposed to be able to solve the logging question, thanks to a rapid and cheap construction. The principle was to copy fordist methods that were setting in big European industries such automobile. The responsables for the housing ministry, supported by renowned architects and many industrialists, thought that building a lodging in preconstructed parts in factory, as done for a car, would solve the

²² Carassus J., *Economie de la filière construction*, Paris, ENPC, 1987

²³ Topalov C., *Le logement en France. Histoire d'une marchandise impossible*, Paris, Presses de la Fondation Nationale des Sciences Politiques, 1987

shortage problem²⁴. Starting early 1950's, the achievements were beginning and some French patents, like Camus and Coignet, met a great success abroad. They were claimed particularly for East countries. S. A.'s strategy was exactly the contrary. It went beyond the borders to search for a method of partial industrialization. That meant that it was looking for a process, which rationalized the construction but maintained the essential achievement on the building site. This decision could be explained by the slackness of S.A.'s means. When it tried to redeploy, it had very few financial, technical and human resources. It was devoid of technical patent to assert itself. Valatelli had always kept an international sight of business. His idea was to find a suitable process in foreign countries. He knew there were similar needs to those in France for building. So, he entrusted the investigation to a young man, recently recruited, Maurice Mathieu. His success made him the main responsible of the achievement and quickly Valatelli's successor. First he went to Great Britain, where process seemed less interesting to him, then in Germany where the most important reconstruction in Western Europe was taking place. At the end of 1949, he met an engineer, named Kuske, in Stuttgart who developed a process produced by the company *Stahlbau* of the Saar²⁵. This process, called *Isorapid*, used formworks in very light latticed panels. One could cast the walls and the floors of a building on the site, without great technical means and assemble them very quickly, consequently considerable time could be save. Knowing that he found what he was looking for, Mathieu signed a franchise agreement for all the French territory. The process was then adapted to the French particularities: the bricks of the debris of the German cities, which were used to manufacture the concrete were replaced by pozzolana, a particularly light volcanic stone. In an astonishing way, this process of extreme simplicity appeared as productive as the large plates of concrete manufactured in a factory. Very simple to implement, *Isorapid* was a process that only required qualified plastered for the completion. For that reason too, the Auxiliary Company didn't hesitate to call for international collaboration. Because of his Italian origins, Valatelli was well placed to recruit skilled labour from Italy. He made a cooperation agreement with his old company, Astaldi, one of the largest building industry and public works groups in Italy. This one, precisely, hoped to develop its activities in France. It was a tradition in the building. For several decades, the Italian masons had an excellent reputation and many of them came to work in France. Astaldi bought some shares of the Auxiliary Company in 1955 and sent its skilled workmen to train French plasterers. The

²⁴ Campinos-Dubernet M., *Emploi et gestion de la main d'œuvre dans le B.T.P., mutations de l'après-guerre à la crise*, Paris, Documentation française, dossier CEREQ n°34, 1984

²⁵ Dottelonde P., *SAE, une irrésistible ascension*, Paris, Cléo-Media, 1991

labour of the first teams was, thus, Franco-Italian. On the building site of NATO, the person in charge was Franco-Italian. Then, he made a successful career in the S.A. Collaboration with the Italians also continued on an international market, the only true one that SA realized during this period. Astaldi and the Auxiliary Company decided to join together to obtain orders in the Mediterranean Basin. They built a tunnel intended to divert the water of Litani, the largest river of Lebanon, within the framework of a great project of hydroelectric production and irrigation. The S.A. hoped to start again its activities of civil engineering. It was a technical success in spite of enormous difficulties. But it didn't lead to an internationalization of the markets. Because of a very strong competition on behalf of more experienced companies, S.A. remained a company of construction of residences in France. Its only external lodging markets were carried out in the ancient French colonies, which remained under the economic influence of the metropolis. Nouakchott, in Mauritania, was a prestigious order, since it was a question of building a capital with the official buildings, the presidency of the Republic and the National Assembly. But the process was similar to that used in France: in fact, it was French organizations which gave the orders. So, it was not possible to speak about international markets. The same applied to the constructions carried out in Algeria or Ivory Coast, which concerned the policy of cooperation with Africa that France set up during the 1960's.

On the whole, there was an international dimension during the period. Remembering that the client of the first important building site was the NATO. But the success of the redeployment consolidated the national nature of the growth of the Auxiliary Company from the 1950's till the beginning of the 1970's. The more recent period saw, on the contrary, internationalization became essential like a data that is impossible to circumvent.

III Internationalization: a model of development verse the crisis

In 1975, facing the economic crisis, the management of the firm decided to turn to the international markets. The success was beyond the forecasts since, less than ten years later, about the two thirds of the sales turnover raised from the international one. The central question which this change poses is that of the installation of a very different new fashion of growth, as regards the markets but also the activities of the Auxiliary Company.

It was the first oil crisis which was the origin of the change of strategy of SA with respect to the international one. Carried out with prudence, it was nevertheless fast. Two

factors played a role in a convergent way: the fall of activity in France and the opening of new markets, in particular in the countries of OPEC. This evolution didn't concern the Auxiliary Company only, all the great public working groups tried to reinforce their positions abroad²⁶. On the other hand, in the building activity, the tradition of export almost didn't exist. Nevertheless, a few years before the oil crisis, the Bouygues Company, in that time a only construction company, managed to set up a policy of export of great scale²⁷. The leaders of SA were completely conscious of this evolution. SA could not ignore the new markets any more. The board of trustees affirmed it with clearness: “ *So far the building exported little; the considerable development of the resources in the oil-producing countries leads the rich states naturally to envisage construction schedules of residences, school facilities and hospital with an unexpected width. Little or badly equipped, these countries hope the participation of the Western companies for these ambitious achievements*”. And the tone was more willing: “ *opening new markets is a position to be overtaken. Your company decided to have a place in these regions in full expansion*”²⁸. However, the ground to be reconquered appeared important. The international one had completely disappeared from its activities. There had been no more achievements of scale in the field of housing since the end of the enormous building site of Nouakchott in 1962. The failure of some attempts of export of civil engineering at the end of 1960's explained the great prudence of the president Mathieu. For him, it was a question of countering a possibility of crisis while being established abroad, but he considered that this expansion had to remain controlled. On the other hand, the majority of the members of the board of directors was let allure much more easily. It was finally decided that the efforts would be targeted towards only some important developing countries, such as Iran, Nigeria, Brazil. Following the way of Bouygues, the Auxiliary company estimated that Iran offered the best prospects for export.

In 1975, two contracts were signed in this country for the construction of almost 3500 residences. SA created a company of construction with Iranian partners and a company of real promotion in common with *U.I.I.*, one of the largest French promoters specialized in this type of contract. The same *U.I.I.* joined SA on the markets of Nigeria and Brazil. During the 10 years which followed the First Oil Crisis, the Auxiliary company applied the decision of the board of trustees to internationalize its activities. In 1978, a specific service of foreign markets survey was born. It was interested in priority in the members of OPEC. Large

²⁶ Barjot D., *Travaux Publics en France, op.cit.*

²⁷ Camagnac E., Nouzille V., *Citizen Bouygues. L'histoire secrète d'un grand patron*, Paris, P. Belfond, 1988

²⁸ SAE, *Conseil de surveillance*, 25 avril 1975, archives du groupe Eiffage

contracts were signed with the authorities of Nigeria, Iran and Saudi Arabia. This last country became one of the most important foreign customers. Projects of prestige, like the villas destined to the National Guard or the mosque of Friday in Taïf, made much for the reputation of the company in all the area. However, in 1978-1979, the Iranian revolution brought to the rupture of very important contracts and the catastrophic evacuation of the personnel. For several years before that, with much of perspicacity, Mathieu was worried of the risks of instability of these countries and considered an establishment towards USA and Canada much securer. The direction then chose to turn to more stable markets. The decision was made to be established in a durable way in the United States, the first world market of construction. Starting 1978, the Auxiliary company took the progressive control of *Spaw Glass*, a company of Texas. Encouraged by good results, the people in charge drew an ambitious strategy. It was a question of setting up a network covering the whole of the American territory by the repurchase of regional companies.

At the beginning of the 1980's, *Continental Heller*, in California, and *Pinkerton and Laws*, in the Old South, became under the management of S.A. In 1983, the three American subsidiaries were gathered in a holding charged to coordinate the whole of the strategy. Other markets were the subject of a thorough prospection. Maurice Mathieu was particularly concerned with the development of the presence of the Auxiliary Company in Australia. In Algeria, a country that he knew well, the company carried out vast programs of residences. He was also interested in more remote areas, such as Latin America or Southeast Asia. The orders opened promising prospects. Venezuela bought many houses and a factory of prefabrication. Indonesia revealed a new opportunity. S.A. was associated in the construction of the Jakarta Airport. It was its first great realization of civil engineering since more than twenty years.

At the end of a decade of efforts, the results of the opening on the external markets appeared to answer the hopes of the Auxiliary Company. The active prospection, intelligently carried out, could be based on the recovery of the world economy. The will to make S.A. a group with international activities, like its main competitors, had become a reality. The repurchase of important French public work companies, like *Borie*, in the middle of the 80's, widened its possibilities of export²⁹. The civil engineering became then an essential sector of

²⁹ Dottelonde P., *SAE, une irrésistible ascension, op.cit.*

works abroad. So, *SAE-Borie* took part in the construction of the subway of Caracas, while other teams carried out a true feat in Colombia by building a pipeline through the Andes cordillera. S.A. obtained the enormous contract of the World Trade Center of Pekin and acquired in Australia, *Boulderstone*, one of the most important groups of the country. However, difficulties remained. 1986-1987 marked a downtime of the internationalization of the activities of the Auxiliary Company. The suspension of payment of Venezuela recalled that the emergent countries were not places of investment without complications. The problems related to the insolvency of some important customers in the Third World were reinforced by the lack of profitability of the American subsidiary companies. USA was not the hoped *Eldorado*. The direction proceeded then to a reorientation of the strategy. The decision was to turn to new markets, at the same time less risky and more profitable. Asia remained a ground of very important contracts with the subway of Singapore and, in 1987, the signature of the enormous market of supply gas for the city of Istanbul. But, for the first time since the unsuccessful attempts in Spain of the 1960's, Western Europe seemed to be a field of expansion. Strategic repurchases were carried out in Belgium, Italy and Spain. Together with the majority of the large companies of the sector, S.A. adhering to *Eurotunnel* consortium, made up in 1986 for the digging of a Channel tunnel. The company had to take part in it to affirm its rank. A splendid technical realization, the operation finally appeared very heavy on the company in the financial scheme.

At the beginning of the 1990's, the Auxiliary Company was one of the great European groups of construction³⁰, whose international activities were essential from that day forth. With the rise of export of public works, the diversification had become the motive power of its strategy. Its strong profitability and the dispersion of its capital explain its repurchase, in 1992, by one competitor, Fogerolle³¹, and its merger in a new group, named Eiffage, which is now the sixth European public work group. This short study comes to an end at that date. Basically, we can draw two essential conclusions. First, the construction industry is certainly one of the activities where internationalization is the least current in every country. It's the great difference with that of public works. The closed economy, which was that of the logging construction of the French Thirty Years, accentuated this characteristic, although in the case of the Auxiliary Company, a European cooperation is the origin of success. The second data emphasizes the significance of the history of a company in its capacities towards export. The

³⁰ The third in France, after Vinci and Bouygues, the 5 or 6th in Europe

³¹ Barjot D., *Fougerolle. Deux siècles de savoir-faire*, Paris, Ed. du Lys, 1992

S.A.'s case shows that a culture of company accustomed to the redeployment facilitates a passage to a mode of growth based on exports³². Finally, although original enough, this French example is, however, not very different from what one could find in the majority of the companies of the other countries³³.

³² Beltran A., Ruffat M., *Culture d'entreprise et histoire*, Paris, Les Editions d'Organisation, 1991

³³ Chandler A. D. Jr, *Strategy and Structure*, MIT Press, 1990