



## French Planning: How to cope with Business Cycles?

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## **Chapter 11:**

### **French Planning: How to cope with Business Cycles?**

By  
Alain Alcouffe

#### **1.0 The Economic Consequences of War and Peace and Organised Liberalism**

In France, the idea of substituting planning to markets to organise economic life is ancient and has deep roots. It can be traced back to Colbert, the Minister of Finance from 1665 to 1683 under the rule of King Louis XIV<sup>1</sup>. During the 20th century, the development of planning was related to warfare during the WWI. It is worth mentioning the part played in this evolution by Etienne Clémentel (1864-1936). A notary with a background in law and humanities, his political career extended from 1900 to 1936. A. Briand, the President of the Council of Ministers appointed him Minister of Trade and Industry on October 29<sup>th</sup> 1915. He was the only minister to remain in charge from then until November 1919, during this time his ministerial duties increased relentlessly. In 1915, he inherited the Industry, Posts, and Telegraphs sectors from the Commerce portfolio. In December 1916, he cumulated these functions temporarily with Agriculture and Labour, involving de facto responsibility for the entire national civilian economy. Clemenceau even extended (at Clémentel's request) his Ministry to the sensitive area of Maritime Transport and Merchant Marine, giving him the upper hand in fuelling the country. Clémentel had the flair to select an original team of staff, including academics (for example, Henri Hauser, a historian; engineers; and a self-made man, Jean Monnet).

By means of fixed prices and requisitions and by prohibiting imports and exports, all the chief features of the economic framework that guided and confined the country's activity were now set up. Nevertheless, during the last period of the war, the services were further extended and complicated; it was the supply of mineral oil in particular that attracted the attention of the public authorities. There had been a General Petroleum Committee since 13<sup>th</sup> July 1917, and a Technical Section at the Ministry of Commerce since October 1917. A Petroleum Consortium was organised on 29<sup>th</sup> March 1918, which bought from the State the oil that it imported, and resold it to its members. However, there was soon a change of system: a General Commissariat of Petroleum and Motor Spirit was formed on 21<sup>st</sup> August 1918. On 1<sup>st</sup> February 1919, this

Commissariat assumed the appearance of a Ministry: it had a general secretariat, a 'home service', a purchasing service, a group of technical services, a distributing service (apart from a central office for the distribution of motor spirit) and a service for consumption control. This is a good example of "the exuberance with which administrative plants will grow" (P. Renouvin<sup>2</sup>, 1927 [1924], p.67).

From 1917 onwards, Clémentel undertook an assessment to re-organise the French economy and put forward proposals for the industrial modernisation of France after the war; (Letté 2012). These proposals would require considerable state intervention and collective action by groups of producers. The report is by no means a plea for state control of the economy; on the contrary, it is targeted to prevent a radical questioning of the liberal economic order. It can be seen as the first of several interwar 'plans'. It reflected a sense among many organisers that concerted action was needed to prevent France from falling behind in the international economic race (see Clarke, 2011, p. 16). From 1917, a social scientist Henri Hauser, who had been Clémentel's top aide at the ministry with whom he kept in touch, developed this concern in several books during the interwar period. Both were convinced that the days of Manchester liberalism were over, and they supported organised liberalism instead. Hauser determined a new agenda for the state: the state should organise an industrial mobilization and distribute work between the regions. It should improve the organization of the transport system and promote scientific research. These goals were designed to ensure national economic security: "The state has to defend the interest of the masses and oppose the free play of economic laws that results in the death of producers" (Hauser quoted in Soutou 2006, p.192). He advocated an extension of this organization of the economy on an international level, and lamented that the decisions of the Economic Council of the League of Nations lacked enforcement (Hauser, 1935, p.179).

## **2.0 The directed economy**

However, the vogue of organised liberalism had been displaced by the interest for a planned economy (*économie dirigée*). The expression appears to have been coined by Bertrand de Jouvenel (1903-1987), at that time a journalist correspondent of foreign newspapers, a Young Turk of the Radical Party, who published a book under this title. Bertrand de Jouvenel, "the conservative liberal" as D. Mahoney called him, regretted this title and the success of the book, which was broadly interpreted as a plea for a more interventionist state. In the chapter entitled

'The Future of Capitalism', he reached the conclusion that the state was "well equipped to direct the national economy". He asserted that "the state has tools to change the environment where the industry develops, and therefore, it can control her orientation" (de Jouvenel, 1928, p.84). Jouvenel's book included some original proposals to improve the overall functioning of the economy through the implementation of a third chamber that would represent economic interests (Chambre Nationale des Intérêts). This chamber would have the initiative to pass economics laws and control the economic policies of the government. This proposal was not entirely new, as a National Economic Council including 47 representatives of employers' organizations, and trade unions had been created in 1925 to improve the French economy in the aftermath of WW I. In 1936, it was enlarged through a greater range of activities and outreach. Suppressed by the Vichy regime, it was recreated in 1946 and included in the constitution of the Fourth Republic.

### **3.0 The 1929 Crash**

The depression following the crash of 1929 was to give a great impetus to the quest for more radical remedies for an ailing liberal system, despite some voices which (especially those of the economics professors in the faculty of law) continued to defend a laissez-faire policy. The Great Depression affected France from around 1931 through the remainder of the decade, a bit later than in other countries. While in the 1920s, the country grew at the very strong rate of 4.43% per year; in the 1930s the rate fell to only 0.63%.

The depression was relatively mild: unemployment peaked at 5%, the decline in production was at most 20% below the 1929 output and there was no banking crisis. Therefore, there was some room to stick to the old theories and practices vis-à-vis the crisis. Among the economists with a liberal point of view, Charles Rist (1874-1956) and Jacques Rueff (1896-1978) played an important part in the managing of the economic impact as they were close to the decision makers. The most prominent was Jacques Rueff, a former student of Polytechnique and the École Libre des Sciences Politiques. He studied economics with Clément Colson in Polytechnique and Charles Rist at Sciences Politiques. He entered the Inspectorate of Finances, the most prestigious of the Grands Corps in 1923 and became the Special Adviser to Raymond Poincare (1926), Financial Envoy to the League of Nations, Financial Attaché at the French Embassy in London from 1930-3, Director of the Treasury (1936) and Deputy Governor of the Bank of France in 1939. At the outbreak of the crisis of 1929, he was best placed to follow the

development of Keynes' ideas, and became one of the first and most dedicated anti-Keynesian authors. His background certainly put him at odds with Keynes. Through Colson, J. Rueff had discovered the Walras' book *Éléments d'Economie Pure*. This meeting was to confirm for Rueff, his instinctive feeling - "the law defined in French education as the *Loi de Van't Hoff Le Chatelier*<sup>3</sup> could equally well be applied to physical and moral sciences". In 1925 itself, he published an article blaming the British unemployment benefits as being responsible for unemployment. Unsurprisingly he was to enunciate the liberal view with a maximum of clarity in an attack on Keynes.

To believe, indeed, that resistances due to the very nature of things can prevent economic equilibria from spontaneously establishing or maintaining themselves, is to force oneself to admit the necessity of establishing them by concerted and systematic measures similar to those which would have to be taken by the Transfer Committee to ensure the equilibrium of Germany's balance of payments on the lines of the Dawes Plan. Such a conception leads inevitably to the practice of an organised economy similar in principle, if not in the object, to the Communist economy. To admit, on the other hand, that economic phenomena, left to themselves, are in fact able to restore or maintain with great exactness the necessary equilibria, leads to the view that the only effective means of avoiding or attenuating economic crisis is to remove or attenuate any obstacles which may stand in the way of spontaneous adjustment, and to avoid all measures which tend to immobilize the various factors of economic equilibrium (Rueff, 1931b, p. 399).

Charles Rist was born into an Alsatian Protestant bourgeoisie family that had retreated from Strasbourg to Lausanne and then to the Paris area after the defeat of 1871. Moved by the terrible misery of the slum areas of London during a journey to England, he discovered Saint-Simonianism. It influenced him and he always considered the *Doctrine de Saint Simon*, edited by Bazard and Enfantin as a great book, a classic of French language and thinking. Passing the "Concours d'Agrégation" in 1899, he was given an appointment in Montpellier, where he remained until becoming a professor of economics in Paris in 1913. After WWI, he became an expert in financial and monetary matters for the League of Nations, then for the Left Coalition (Cartel des Gauches) in 1926 and Deputy -Governor of the Banque de France). After WW I, he

was an opponent of deflationary policies, but he was not ready to become involved in public works or the deficit to cope with the depression.

He considered the crisis was mainly due to the overvaluation of prices due to WWI compared to the existing monetary gold stock. The dramatic fall in prices that occurred after 1929 put the economic situation in France onto a sound footing. France needed to place itself well on the international market that could only resume in strength; hence the need to lower the interest rate (Rist, according to Gruson (1968), p. 19).

The mood among the liberal economists was to completely oppose any active policy to cope with the depression as it can be evidenced from a statement by the redactor in chief of the *Journal des économistes* when P. E. Flandin was chosen as President of the Council (November 1934). The following sentence in the Ministerial Declaration of Flandin:

"The lowering of the rate of interest determines, in our opinion, the success of any attempt of recovery in business and trade, but it cannot be decreed", provides a tone that distances us from some governmental proposals which greatly infringed the economic laws (Payen, 1934, p. 786).

For his part, with some support from the Rockefeller foundation, Rist created an Institut Scientifique de Recherches Économiques et Sociales which was intended to provide decision makers with data. Despite many prominent economists on the staff, the Institute's contribution to economic life was slim and did not compare with the many proposals designed by unions and other think tanks of that time.

#### **4.0 X Crise**

In 1931, a review entitled *Plans* was launched by Philippe Lamour (1903-1992) who, after WWII, played an important part in the economic policies of land planning against "pacifying humanism" as well as against the "established disorder". From the outset the review was fascinated by the "revolutionary and enthusiastic character" of Italian fascism despite criticizing its totalitarianism.

Nevertheless, by far the most prestigious and long-lasting group was the Group X-Crise. Set up by former students of the École Polytechnique (whose nickname is X) in 1931 as a think tank, independent of any political ideology, devoted to a scientific, mathematical and rigorous study of economic and social problems, X Crise evolved into the Centre Polytechnicien d'Études Économiques (CPEE), which gathered around 2,000 members (all were not for "planning").

Besides organizing conferences, the CPEE published a bulletin devoted to economic issues. In spite of this, the X Crise or later CPEE was far from having a single mind-set, it leaned towards economic planning, as opposed to the then dominant ideology of classical liberalism that had failed<sup>4</sup>. It was possible to distinguish several subgroups amongst the liberals, one example is J. Rueff who delivered a speech: 'Why in spite of everything I remain a liberal?'. In 1934, socialists such as Jules Moch (1893-1985) (later Minister in the 4<sup>th</sup> Republic several times), and Alfred Sauvy (1898-1990) who became the head of INED, were staunchly opposed to Malthusianism as a remedy to crisis, (there were even a few Marxists); but the overwhelming majority were middle field advocates of "économie concertée" or "agreed economy" (Jean Ullmo (1906-1980) or Pierre Massé (1898-1987) who became Commissaire au Plan after WWII). Nevertheless Jean Coutrot (1895 - 1941), a former student of Polytechnique, played the most inspiring role. Coutrot was also a war veteran, whose right leg had been amputated following an injury sustained in battle in 1915. After his marriage, he became the Director of his wife family's paper company and President of the Paper and Board Converters Employers' Federation. After that, in 1931, he founded one of France's first management consultancy firms - the Bureau des Ingénieurs-Conseils en Rationalisation. In addition to this he was an energetic publicist and networker, frequenting a host of interwar organisations, think tanks and reviews including the Comité National de l'Organisation Française (The National Committee for French Organization, CNOF), the Comité Central de l'Organisation Professionnelle (The Central Committee for Professional Organisation, CCOP) and the Centre National de l'Organisation Scientifique du Travail (The National Centre for the Scientific Organisation of Work, also known as the COST). What these groups had in common was that they formed part of a movement for 'scientific organisation' or 'rationalisation' that had focused initially on industry but was ultimately a model for thinking about all types of social and economic activity. After the outbreak of the war, he offered his services to the Vichy regime, which rejected him, precipitating him into a depression; he eventually committed suicide in May 1941<sup>5</sup>. However, before emphasizing the impulse he gave to planning it is important to have a look at his part in the renewal of economic thought in France. French engineer-economists were always very reluctant to take seriously non-mathematical economists, who were overwhelming among academics whereas the latter disputed the use of mathematics into economics. This opposition not to say animosity was very apparent during the thirties, whereas engineers went close to asserting they could solve the crisis using

mathematical analysis. Therefore, they developed research projects to improve economic forecasts and more strikingly introduced economic modelling<sup>6</sup>. Presenting econometrics in the *Bulletin*, René Gibrat (1904-1980) could boast that among the 41 initial members of the Econometrica Society, engineers' outnumbered the professors of economics. Even if their contributions to the development of planning were not overestimated, despite the judgement of Tinbergen<sup>7</sup>, it is evident that the CPEE contributed to the diffusion of mathematical economics and reinforced the idea that alternatives to the laissez-faire policy exist.

## **5.0 The diffusion of planning ideas**

The diffusion of planning in France was boosted by of the considerable efforts made by H. de Man (1885–1953) one of the leading socialist theoreticians during interwar to find a third way (Lefranc, 1974). De Man taught at the University of Frankfurt where he hoped to convince the German Socialist Party of his policies until the Reichstag Fire. Then, he returned to Belgium, and the Belgian Socialist Party soon adopted his "Plan for Work", commonly known as the Plan de Man. The plan, described as a "Labour Plan", was one of the foremost examples of the "Planisme" doctrine advocated by de Man. The policy aimed at "instilling a mixed economic system" through the creation of "a nationalized sector covering the organisation of credit and the main industries which have already in reality been monopolized". The Plan was mentioned for the first time in France in September 1933 in the reformist weekly newspaper *La vie socialiste*. Then the idea was taken up by the reformist trade union CGT that elaborated its plan through its own bureau d'études including among its members, the Economist É. Antonelli (1879 -1971), one of the very few disciples of L. Walras, F. Simiand (1873 – 1935), a member of the French Historical School of Economics and P. Mantoux, (1877 –1956), famous for his book about the industrial revolution in Great Britain. The CGT plan was released in September 1934 (Poggioli, 2008).

The novelist Jules Romains assembled some of the scholars involved in the CGT plan with other people from various other groups (non-conformists and more right wing) to think about a new plan to break the long-standing stalemate in economic policies. The plan later known as the 'Plan du 9 Juillet' was largely drafted by Coutrot and other members of X Crise. It asserted the importance of professional and technical competence in government, proposing, for example, compulsory consultations with the Conseil National Économique to draw up economic policy, for the creation of a public research and documentation service staffed by technicians and an



'École Polytechnique d'Administration' to train the civil service elite (rather like the École Nationale d'Administration eventually created in 1945). For the economy, it attempted to steer a 'third way' between statism and laissez-faire liberalism, envisaging a dual system with a planned sector to meet peoples' basic living needs, and a free sector for other kinds of production (J. Clark, 2011, p. 97).

## **6.0 The economists and the directed economy**

Support for 'planisme' was far from unanimous even outside the most dedicated members of the liberal school of economics grouped around the *Journal des économistes*. During the first half of the 1930s, many studies devoted to the directed economy scrutinized its theories as well as its implementation in various countries. Among these authors let us cite René Carmille (1886 – 1945 – Dachau) as he was member of X Crise. During WWII, he ran the Vichy Demographics Department of (the predecessor of INSEE, France's National Statistics Service). In this capacity, he sabotaged the Nazi's census of France and was considered as an early ethical hacker. He was the Army's Comptroller, whose functions consisted of obtaining the best from the Army's budget. In Carmille (1932), he criticized on multiple occasions their inefficiency to present alternative institutional frameworks and regretted that "in all European countries, oriented either towards the German type of associated economy or towards the American type of agreed economy or towards a mixed type, which seems to be the French way, all we hear about is rising tariff barriers". Besides, the directed economy has for consequences the loss of force because industries, which normally should not survive are protected and inflict on the commonwealth the load of the subsidies that benefit them.

A few months later, G. de Leener, a Belgian economist, published a long article in the REP, confronting "liberal economy" with "directed economy" that he defines as "the extension of the sovereign powers of the State in the conduct of private companies, of the recommendations that it calls upon them to the effect that they conform their activities to the conditions of its choice and of whatever measures are taken in order to consciously guide the country's economy in a particular direction" (de Leener 1933, p.3). Thereafter, he undertook to follow the remote or recent development of interventionism. He concluded that the liberal economy is preferable to the directed economy because the former has been the motor of an unprecedented growth during the last century, whereas the latter could not be fully implemented without a greater force of the arms and terror carried out by any current

dictatorship”(ibidem, p.28).

In 1933-4 Gaëtan Pirou, Professor of Economics at the Sorbonne, took issues with “économie dirigée” in a book and later edited a special issue of *Revue d'économie politique* in December 1934, dedicated to this topic. In Pirou’s book (1936[1934]), he reported the vigorous condemnation of the command economy on the part of the majority of academic economists. Cleverly, he built upon the great study of the purchasing power of wages published by Simiand (who was rather in favour of some kind of interventionism). According to Pirou, Simiand established that “economic progress results from alternating periods of prosperity and depression so that if alternating periods were replaced by constancy or uniformly growing movement, it could not happen” (p.84). He also doubted that monetary policies could be a remedy to recessions, on the contrary he was afraid that they increased the frailty of the monetary system (p.87). In the introduction to the special issue of the REP, he asserted (or deplored) that all great countries were concerned by the directed economy that exhibits the same features everywhere (especially the cartelisation of the industries). Pirou described its rising implementation, firstly, it simply gets rid of oversupplies “which are distributed rationally in the time and space”. Secondly, it is about rationalizing and reducing the production (or in agriculture - the cultivated areas). Finally, the only solution to be able to reach a new equilibrium without greatly affecting the interests of producers can be found on the demand side, and there again, the union of collective action and public action has an important part to play. Therefore from one step to another, it is impossible to limit the command economy to simple legal requirements on pricing.

The article of H. Noyelle is the heart piece of the REP dossier on “économie dirigée”. It meticulously describes not only various experiences (notably Roosevelt’s) but also various projects (notably in France). After a detailed description, Noyelle cannot escape answering the question resulting from the various “plans”, “is it possible to direct the economy without replacing a regime of liberty by an authoritative one?”(ibid. p. 1666)

## **7.0 The development of French Planning from Popular Front to Liberation**

The victory of the Popular Front (French: Front Populaire, an alliance of left-wing movements, including the French Communist Party (PCF), the French Section of the Workers' International (SFIO) and the Radical and Socialist Party) in May1936 led to the formation of the first government headed by SFIO leader Léon Blum and exclusively composed of Radical-Socialist

and SFIO ministers. However, it did not give much momentum to planning. Actually, the SFIO was ambivalent vis-à-vis providing remedies to an ailing capitalism and had a different agenda of reforms. For example, the setting up of a new council of the Banque de France with more representation from the government, the creation of a National Office du Blé (Grain Board or Wheat Office) through which the government would help to market agricultural produce at fair prices for farmers, the nationalization of the arms industries, and a major public works program etc. Nevertheless, the current defending planning obtained the creation of a Ministry of National Economy attributed to C. Spinasse, a Professor of Labour History at the Conservatoire des Arts et Métiers (National Conservatory of Arts and Crafts), and a member of the planist current in the SFIO since 1932). As J. Coutrot became an informal advisor to the Minister, he tried to implement his ideas. The results as far as planning is concerned were minimal, but Coutrot succeeded in securing the creation of an organisation on 25<sup>th</sup> November 1936 called the “National Center for Scientific Organisation of Labour” in order to reduce French cost prices; its French acronym was COST. Coutrot was eager to improve productivity inside the firms as well as in industries through ententes and rationalization. The COST was not integrated in the Ministry bureaucracy, and Coutrot saw it as a forum where the administration, technicians and social partners could discuss technical issues related to scientific management. Due to his background, Coutrot was able to bring together representatives of various organisms dealing with management but the means as well as the general support provided by the government was limited and Spinasse left the Ministry not long after. However, the objectives put forward by Coutrot were bold and its achievements were modest. Spinasse was not a heavyweight politician, and the planning current was rather a minority inside the SFIO. Most advocates of planning had split from SFIO, which remained reluctant to “run the capitalism” instead of replacing it by socialism.

## **8.0 From the Vichy Ten Years Plan to the Plan Commissariat**

Ideas and men defending planning made their way in the Vichy Regime despite the first positions being won by agrarian conservatives, and the Délégation Générale de l'Équipement National (DGEN) a body responsible for drawing up the reconstruction and development plan for the post war period, was created in February 1941. Made up of six sections - agriculture, industry, communications, urban planning, scientific and technical infrastructure, overseas territories - as well as a planning service and a Consultative Committee, it produced a ten-year

plan (Plan d'équipement) in 1942 and another short-term plan, Start-Up Phase (Tranche de démarrage) in 1944. The plan did not include nationalization; the role of the state was to stimulate, orientate and finance private investment, but not to replace it. The constraints of the German occupation led simultaneously to the building up of organisation committees (COs) in 16 branches of the economy. A chairman and small management committee ran each CO and were empowered to carry out a census of the available stocks in their sector, allocate scarce resources, fix prices, and plant closures. In reality, the power of COs was limited by the government's control over raw materials through the Central Bureau for the Distribution of Industrial Materials (OCPRI).

This organisation was set up in September 1940 at the behest of the Germans, who monopolized access to most of the raw materials, and wanted French industry to work for them. OCPRI allocated raw materials to the COs who redistributed them among the industries in their sector. This gave enormous power to the Secretary General of the Ministry of Industrial Production, Jean Bichelonne, who was in charge of OCPRI and recommended plant closures. He was a graduate of the École Polytechnique, famous for his skills. In 1937, he became a member of the cabinet of the Minister for public works, Henri Queuille. Bichelonne, who took part in X Crise, was a member of a group of technocrats who held important positions in the early days of the Vichy regime. He was a devotee of Saint-Simonianism, the belief in industrialisation as a motor of progress for society.

At the end of the war, the Office employed 6,500 people – a dozen sections, coal, and steel regulated the procurement, storage, distribution, selling, and use of rationed resources (Kuisel (1984[1981]), p. 241).

Among the French Resistance, debates on future economic structures were also lively. Several strands can be distinguished but the most significant division separated a neo-liberal current and a socialist one. They had a common disdain for the pre-war economic liberalism. Especially apparent was the concern with population policies which was also an essential element of the Vichy regime. Two Economists played an important part in these debates: Firstly, René Courtin (1900-1964), a Professor at the University of Montpellier, who refused to take an oath to Pétain and joined the Resistance. He was the major author of the Report on the economic policy after the war (November 1943). Courtin supported what he called “a progressive economy” characterized by the return to a market economy, economic freedom, and free trade. At the other end of the spectrum, the Communist Party in its remarks on the report

defended nationalizations in order “to free France from the anti-national and anti-social domination of the trusts men” (Andrieu, 1984, p. 48). Secondly, A. Philip, (1902-1970), Professor of Economics at the University of Lyon, who wrote the book on H. De Man’s theories and was an ardent proponent of planning inside the interwar socialist circles. His ideas can be found in the Project Laffont that the French Committee of National Liberation, a provisional government of Free France, released in July 1943. It included an Economic and Social Charter that advocated dirigisme defined as the orientation and control of production by the State for the benefit of the community, as well as the elimination of the economic feudalities and the socialization of large banks.

### **9.0 The Implementation of CGP**

Jean Monnet (1888-1979) was born in Cognac to a family of cognac merchants. He stopped his studies at 16 and moved to the United Kingdom where he spent several years in London with Mr. Chaplin, as an agent of his father's company. During WWI, he advocated a better organisation of the Allied Economic Cooperation, resulting in the creation of the Wheat Executive (in late 1916) and the Allied Maritime Transport Council (in late 1917). Monnet took part in the Paris Peace Conference as Etienne Clémentel’s aide. During the interwar period, he was first Deputy Secretary-General of the League of Nations from 1919 to 1923 (when he resigned), then he became an international businessman for Bancamerica Blair from 1925 to 1929, and then the Chairman of an East-West non-political committee in China for the development of the Chinese economy until 1936. During this period, he networked people such as Pierre Quesnay or the Wallenberg and Rockefeller families, the Bosch family in Germany and the Solvay family in Belgium. He was considered among the most connected people of his time. In 1940, during WWII, he became the British envoy to the USA; his task was to organise the supply of materials to Britain. However, soon after that he became the advisor to President Franklin D. Roosevelt and took part in the organisation of the American war effort. Keynes told French banker E. Monick that Roosevelt was presented with a plan to build aeroplanes that every American technician found to be miraculous and far too much. Monnet was the only one who dared to think it was not enough. The President rallied to his views. This critical decision has probably shortened the duration of the war by a year (along Monick, 1970, quoted in Monnet, 1976, pp. 211–212).

When the provisional French government was established after the end of WWII in 1945,

Monnet brought with him impeccable credentials and vast management experience, and De Gaulle sought to attribute him with tasks in relation to his skills. The Commissariat General du Plan was created in January 1946 with a rather odd design giving Monnet a chance to shape its organisation to his vision. Monnet spoke of the “undefinable function of High Commissioner”. Initially, the CGP encompassed six major sectors (Transportation, Steel industry, Energy, Agriculture, Construction materials, and Agricultural equipment, but it was to increase its scope to the whole economy (Commission de Modernisation)). Following the Roosevelt model, Monnet requested/brought together a team of about 30 people to direct the French administration, and to organise a collective effort around modernisation committees. Hence, “the hotel of CGP became a forum where the administration, the business world, the unions leaders, started meeting regularly to think together about the great production problems” (Gruson, p.40).

J. Fourastié, who was in charge of the labour commission, listed several reasons explaining the initial take off of planning. First, he recalls solving the “old quarrel” between dirigisme and liberalism which was necessary to prove that planning was better than liberalism. However, considering the “deep disorganisation of the French economy” (p.9) it was not the time to think about theoretical issues. With so many shortages, the tools of a war economy seemed indispensable. To overcome scarcity, it was necessary to organise it, and planning seemed to fit the situation better. Besides, in the political chess game, supporters of free markets had virtually vanished and various supporters of planning had now taken over. In consequence, the size of the public sector increased dramatically with the nationalization of most of the banking sector in addition to coal, electricity and gas companies, and a myriad of other enterprises for strategic or retaliatory motives (from Air France to Renault).

J. Monnet’s personal skills and experience came in support of planning: it seemed that what he had done for the American war economy, he could do for the recovery of the French economy as well. Last but not least, the French experience of dirigisme during the war was not associated with/entirely separate from the terrible example seen in Germany in 1930s.... On the contrary, Monnet’s team agreed with the Vichy planners that deficient economic policies had prevented economic development during the interwar period to such an extent that industrial production and productivity in 1938 was less than it was in 1913 (Fourastié/Courthéoux, p. 13). Therefore, there was space to increase production and productivity and that is what happened in the following two decades.

Despite its long prehistory, from Clémentel onwards, French planning was the child of necessity. It was only during the office of the third Planning Commissioner Pierre Massé (1898-1987) that it came to rely on a theoretical economic basis. Massé, a former Polytechnique student, worked in the electrical industry from 1928. In 1946 he became the Director of Electrical Equipment and Operations at Électricité de France and in 1948, the Deputy General Manager. He was an excellent example of the French engineer-economists working on marginal cost pricing at this time. Obligated to deal with the management problems raised by the water stocks accumulated in reservoirs, and also with the need to turn them to account, Massé identified the crucial role of reserves as a means of regulating systems to cope with random factors. His studies make him a forerunner of dynamic programming and the theory of optimum control. Later appointed Planning Commissioner in 1959 by General de Gaulle, he conceived planning at the macroeconomic level as an extension of what he saw as essential at the microeconomic level as the title of his 1965 book 'Planning against hazard' suggests. He clearly had in mind that the Planning Committee could reach an agreement on a national discount rate, and the setting of current and future national income and expenditure against each other so that they would correspond to the marginal efficiency of capital.

## Conclusion

Over the "Glorious Thirty", like the economies of other developed countries within the framework of the Marshall Plan, France's economy grew rapidly, and J. Fourastié who chaired the CGP labour commission could conclude his account of French planning: "4 figures are enough to explain why planning is now linked in the minds of French people with growth and prosperity. These four figures are the four values of the index of volume of industrial production in 1910, 1938, 1947, and 1966 : 100, 105, 107, 357" Fourastié (1968, p. 299). Of course other countries deprived of planning enjoyed steady growth during the same period and planning was not the only feature of French growth at this time. Fourastié himself emphasized the change of minds in France and especially among the elites: whereas in 1946, a councillor and economist could choose as the title of his book *The eternal order of the fields* (Maspétiol 1946), "France in the 1980s had a long range economic policy dominated by the idea that growth is possible. The three watchwords technical progress, economic progress and social progress has gradually permeated into the thoughts of the economic and political elites,

then into the whole public opinion” *ibidem*, p. 300). After the 1973 oil crisis, France's economy slowed down its explosive growth. Thus, the mid-1970s marked the end of the period. Coincidentally it was also a turning point for French planning (the CGP survived until 2005 but during the two previous decades it had become less and less influential). Attempts to resurrect it were made in the aftermath of the 2008 crisis but their outcomes were very slim. French planning’s initial successes were certainly due to several factors which are no longer available. They are therefore impossible to duplicate, but that does not mean that some of its successful ingredients could not be isolated and replicated in the future.

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<sup>1</sup>Conversely, as reported by Turgot, the motto “laissez-faire laissez-passer” is supposed to have been first uttered by merchants from Reims when replying to Colbert after the latter had asked what he could do for them.

<sup>2</sup>Pierre Renouvin (1893-1974) was a French historian. During World War I, he served as an infantryman and was severely wounded. After 1919, he chose to study the origins of World War I and became a renowned specialist in it.

<sup>3</sup>The Principle denominated from Henry Le Chatelier (1850-1936), French Chemist and Engineer (École Polytechnique), states that if a system (a substance or a collection of substances) in a balanced or equilibrium state is disturbed. The system will readjust in such a way as to tend to neutralise the disturbance and restore equilibrium.

<sup>4</sup> See, for example, the damning? paper of A. Detoef: *La fin du libéralisme* (1980[1936])

<sup>5</sup>He was also allegedly connected to the Synarchism, a conspiracy to replace parliamentarianism by a dictatorship allied to the Nazis. There is now a consensus among historians that considers that the conspiracy was a hoax launched by opponents to the rising power of technocracy (see Margairaz, Kuisel).

<sup>6</sup> There is a vast bibliography on the CPEE but the title of Armatte 2000 is the best work on this subject.

<sup>7</sup>Introducing his conference on 9/6/1938, Jan Tinbergen declared that “your center [CPEE] is now internationally renowned. It is actually unique in the world for this kind of studies” (Tinbergen, p. 243).



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