Technocrats and Public Economic Policy: From the Third to the Fourth Republic

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With the coming of the « New French Revolution », that is, the enormous social and economic changes since the Second World War, came a new issue for the student of modern France. Like the origins of 1789 this latest French Revolution promises to attract a good deal of scholarly attention. It is my contention that one answer to the question of how and why « dynamic France » overcame « static France » is that there was a change in elite behavior and popular attitudes. Stanley Hoffmann originally suggested this line of inquiry with his provocative analysis of the breakdown of what he called the « stalemate society ».[1] Between 1934 and 1944, accord-

[1] STANLEY HOFFMANN, *The Effects of World War II on French Society and Politics*, « French Historical Studies », II (Spring 1961), pp. 28-63. After despairing about alternative explanations, the economist CHARLES KINDLEBERGER wrote: « The economic recovery of France after the war is due to the restaffing of the economy with new men and to new French attitudes » (*The Postwar Resurgence of the French Economy*, « In Search of France » [Cambridge, Mass., 1963], p. 156). Kindleberger, however, did not elaborate this assertion and offered a mixed assessment of the state's contribution to growth. DAVID S. LANDES, an economic historian known for his emphasis on the human determinants of economic growth, suggested similarly that the transformation of the French entrepreneur from « the lazy man of Europe » into a bustling Saint-Simonian, and the enlarged and enlightened activities of state officials were the basis of the postwar revolution (*New Model Entrepreneurship in France and Problems of Historical Explanation*, « Explorations in Entrepreneurial History », XV [Fall 1963], pp. 56-75). Landes added the « consumer durables revolution » and certain structural changes to his list of important causes. The most exact analysis of the causes of French postwar growth is A. COTTA,

ing to Hoffmann, events like depression, defeat, and occupation overturned a consensus which had curbed both strong government and rapid industrialization under the Third Republic. Out of the war came a new scale of national priorities, with full industrialization high on the list, and a widespread commitment to the interventionist state.

My aim is to describe the dramatic change in the outlook and behavior of the public officials who directed the state's industrial policy under the Third and Fourth Republics. These *hauts fonctionnaires*, my main protagonists, were converted to technocracy, penetrated the centers of public decision-making, and turned the state into an instrument for rapid industrialization. The modernizers began their ascent during the First World War, but arrived in power only at the end of the Second World War. Even then the battle to create their vision of France was barely joined; yet from that time on their positions in the state were secure and their opponents were on the defensive. There are gaps in such a long and complex story and causes are often obscure. Here I wish only to clarify the character, scope, timing, and general causes fo this development. The rise of the technocrats appears as a long-term, evolutionary, yet discontinuous process.

Under the Third Republic public policy was what the French called economic liberalism. The non-interventionist state, the free market, and individual entrepreneurship were all ideals. Indeed the state had little influence on private economic behavior given the minuscule public sector and its restrained use of fiscal and monetary controls. Yet in practice the state intervened. Its actions were normally to protect the status quo, however, and rarely, if ever, to promote industrialization or economic expansion. The state

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La Croissance de l'économie française 1945-1975, « Analyse et prévision », II (July-August 1966), pp. 519-560. Cotta contends that the appearance of a new elite in business and the administration was a factor. JOHN SHEAHAN (*Promotion and Control of Industry in Postwar France*, Cambridge, Mass., 1963) stressed the growthmanship of public officials. Cf. the more eclectic view of RONDO CAMERON, *L'Économie française: passé, présent, avenir*, « Annales », September-October 1970, pp. 1418-1433. The best guide to political economy between 1939 and 1956 is PAUL DELOUVRIER and ROGER NATHAN, *Politique économique de la France*, Cours de droit à l'Université de Paris, 1957-58. JEAN LECERF, *La Percée de l'économie français* (1963), also describes government economic policies for the postwar period. All places of publication, unless otherwise noted, are Paris.

restrained rapid economic change, especially industrialization, because it would have harmed established interests, like a backward or timid branch of industry, or a powerful social stratum, like the farm vote. Legislation defended independent shopkeepers against the inroads of aggressive chain retailers; the tax structure helped small firms survive; interventions sheltered, subsidized, and salvaged hard pressed sectors; and high tariffs protected domestic producers against foreign competition. Private interests came to the state to request protection for their *situations acquises,* but assistance was only welcome when sought.[2] Thus economic planning, by or through the state, or even collecting statistical information about industry was considered unwanted interference. With the state's toleration, private industry became heavily cartelized, curtailed competition, shared markets, and even sheltered smaller, less efficient, firms. Restriction and protection were essential to the functioning of French liberalism.

The official view of public finance held simply that expenditures and receipts should balance. In 1934 Premier Gaston Doumergue told the public: « The housewife who goes to market cannot spend more than she has in her purse. The state is in precisely the same situation... ».[3] There was little notion of public finance as a means

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[2] As one technocratic critic put it: « The French make a facile distinction between the system they prefer, that is the liberal order where individual freedom of action, within a national or international context, is supposed to bring about natural harmony — which the slightest intervention would seriously disturb; and the system that they fear, the *étatiste* order, where administrative direction of the economy leads to more or less absolute despotism. This hostile attitude toward public authorities goes hand-in-hand with a willingness to request aid from the treasury, on the condition that it would not bring overly strict controls, and with a desire for tariffs which protect only the petitioner's products and exclude all others (MICHEL DEBRÉ, *Pour une Administration de l'économie française,* « Sciences politiques », No. 8 [June 1938], p. 246).

[3] Quoted by MAURICE DUVERGER, *Institutions financières,* 2nd ed. (1957), p. 281. Also see DOMINIQUE LECA, *Du Ministre des Finances* (1966), p. 37. Or as an American observer wrote: « While no one can study the finances of France without being stirred to admiration by the technical competence of the financial leaders and by the skill displayed in elaborating and administering that marvelously complicated financial mechanism, the French budget, it is nevertheless a fact that, in their general attitude toward the public fisc, the French are many decades behind England and America. Thus the French have scarcely begun to develop the conception of the state as a convenient device for accomplishing specific ends approved by a democratic people, fully aware of the costs involved and willing and eager to pay the bills. In this respect the French are backward » (ROBERT M. HAIG, *The Public Finances of Postwar France* [New York, 1929], p. 4).

of social and economic action — except in a protectionist sense: thus taxes were for revenue, not for re-distributing income. The state consumed but never produced wealth: it was *un trou* that swallowed what Frenchmen created.

The widsom of a balanced economy was enshrined as the semiofficial ideology of the republic, and was supported by a broad consensus. This consensus held that God (or Nature, depending on your politics) had endowed France with the perfect mix of agriculture and industry, farm and city. Frenchmen saw no need to rush headlong after industrialization: they feared (among other things) the unrest and destruction of traditional virtue it might bring.

The liberal state was supported and perpetuated by a congruent educational system, where liberal economics was the ruling orthodoxy.[4] The principal antechambers to high government service (especially the *grands corps* like the Inspection des Finances and the state engineers) were the elite educational institutions: the Ecole Libre des Sciences Politiques, the Ecole Polytechnique, and the law faculties.[5] Clément Colson taught the course in political economy at the Ecole Libre for almost three decades, and his economics text was widely used elsewhere. In it he zealously defended the liberal faith in individual initiative and the free market as the best means of producing wealth.[6] State intervention (*étatisme*) was to be avoided whenever possible because it killed private enterprise and usually served to protect special interests at the expense of taxpayers and consumers. Here Colson's argument rested on the Third Repu-

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4 GAËTAN PIROU, *Les Doctrines économiques en France depuis 1870*, 1st ed. (1925), pp. 98-103. Not until the Second World War was the liberal orthodoxy challenged at the École Libre, according to PIERRE RAIN and JACQUES CHAPSAL, *L'École Libre des Sciences Politiques* (1962), pp. 117-118. Some contemporaries deplored the sad state of economics in higher education, i. e., its subordinate status in the law faculties; the lack of specialized training in mathematical economics, economic theory, and statistics. See CHARLES RIST *et al.*, *L'Enseignement économique en France et à l'étranger* (1937), pp. 12-13, 41-46, 59.

5 The École Libre completely monopolized entrance into the Conseil d'État, the Inspection des Finances, the Cour des Comptes, and the Ministry of Foreign Affairs. Not all members of these *grands corps* were necessarily degree holders from the École Libre, but they had at least enrolled for some formal study, usually after graduation from a law faculty.

6 COLSON, *Cours d'économie politique*, édition définitive, 6 vols. (1924-29), I, pp. 150-177.

blic's long experience with logrolling. He went on to argue that intervention also exposed politicians and officials to corrupting pressure from private interests and distracted producers from developing their enterprise to seeking state favors. Experience proved, the veteran state engineer contended, that public enterprises seldom improved their output, but usually plodded along under a wasteful, routine-minded bureaucracy. Jacques Rueff and Charles Rist, Colson's successors at the Ecole Libre in the 1930's, continued to teach the liberal orthodoxy. At the Faculté de Droit in Paris, another school for aspiring *hauts fonctionnaires*, the uncompromising liberals Gaston Jèze and Auguste Deschamps lectured on public finance and political economy during the interwar years.

Once entered upon their careers, the students of these men acted much as their professors would have wished. The Conseil d'Etat, for example, consistently obstructed the development of municipal socialism, curbing all efforts by local governments to operate public utilities.[7] But the key corps in the economic administration was the Inspection des Finances, which dominated the Ministry of Finance and rigorously adhered to the liberal orthodoxy. It was drawn almost exclusively from the Parisian *grande bourgeoisie*, whose formality and traditionalism reflected its intense conservatism.[8] Throughout the interwar period the Ministry of Finance guarded the treasury and the franc against the spending urges of other ministries, reputedly even infiltrating them with its inspectors for this purpose. The inspectors believed their duty was to arbitrate among competing interets and to keep the state above the *mêlée*. Critics complained that the state was a « business run by the cashier ».

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[7] CHARLES E. FREEDEMAN, *The Conseil d'État in Modern France* (New York, 1961), pp. 79, 105-106, 161-162.

[8] In the 1930's candidates still appeared in evening clothes for their entrance examinations. On the conservatism of the Inspection see: JACQUES DE FOUCHIER, *Le Rôle de l'Inspection Générale des Finances dans l'administration française*, « Revue politique et parlementaire », XLVI (August 1939), pp. 268-269; DE PEYSTER, *L'Inspection Générale des Finance en France*, « Revue internationale des sciences administratives, XII (October-December 1939), p. 67. There were exceptions to the rule, like François Bloch-Lainé (class of 1936); but liberals like Jacques Rueff (class of 1923) were the rule. Also see the comments on the Treasury by WALTER R. SHARP, *The French Civil Service: Bureaucracy in Transition* (New York, 1931), p. 373.

Indeed, the Ministry of Finance was the most powerful of those whose primary task was the management of the economy. This ministry was known for its « imperialist » tendencies, its eagerness to extend its authority and to « colonize » other ministries. Since the Minister of Finance himself, like other ministers, was often a transient at the ministry, real power accumulated with the semi-permanent heads of *directions* (the ministry's principal subdivisions), such as the Treasury or the Budget. There were, of course, other sources of public economic authority. There were the so-called « technical ministries », of which the most relevant to our subject was the Ministry of Commerce and Industry. The precedence of commerce over industry in the title is significant, for this ministry confined itself mostly to the promotion of exports and tariffs, while its responsibilities for the domestic economy were few and routine. And like other technical ministries, the Ministry of Commerce acted more as a representative of its constituency (in this case, of business interests) than as an agent of state control. Parliament, too, especially through the Finance Committe of the lower house, exercised some supervision over economic policy by virtue of its control over the annual budget. However, the committee itself was too politically divided to take charge of public policy. This multiplicity of decision-making centers meant that it was virtually impossible for the state to pursue a harmonious policy. Its inconstistencies were aggravated by the short duration of governments' tenure. Nevertheless there were a few sufficiently powerful institutions, working within the liberal ideological tradition, to determine the overall character of economic policy. Of these a word more about the finance inspectorate is in order.

Originally the inspectorate's primary duty had been the verification of public accounts, but it had come to assume responsibility for the management of the public sector of the economy. From 1890 on it formed the backbone of the ministry's principal *directions*, monopolized the major public financial institutions, represented France in international economic organizations, and helped to formulate most important economic and financial legislation. The ubiquitous inspectors regularly participated in political life as

members of ministers' personal cabinets.[9] They were admired for their expertise, esprit de corps, and honest dedication to public service. Finally many inspectors resigned from public administration to make second careers in influential positions at the major private banks and the most enterprising industrial firms. In short, this elite corps of roughly 250 inspectors had a centralizing, cohesive effect on French administration through its participation in numerous important sectors, public and private.

The First World War was an interruption in the prevailing style of private-public relations that anticipated the future. It is well-known that state intervention in economic life grew enormously between 1914 and 1918, with the institution of rationing, price and monetary controls, and even direct management of enterprises essential to the war effort. A less well-known aspect of the state's mobilization program is the long-range effect of the precedents it set upon the relationship of the public to the private sector of the economy, upon the course of industrial modernization, and upon the careers of future technocrats. The state's eagerness to raise the output of war manufacturers led it to introduce technological innovation and to standardize production methods and products.[10] It encouraged the study and adoption of F. W. Taylor's system of « scientific management ». To co-ordinate mobilization schemes, the republic sponsored new agencies, some of which were inter-Allied in character. Among the most significant were the consortiums, or associations of manufacturers and distributors who joined together under official supervision in order to purchase and allocate raw materials. These consortiums institutionalized cooperation among

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[9] The wide range of the Inspection's influence is described in: PIERRE LALUMIÈRE, *L'Inspection des finances* (1959); FRANÇOIS PIÉTRI, *Le Financier* (1931), pp. 79-93; DE PEYSTER, p. 669. Also note the advice given a fledgling minister to cultivate an inspector for his personal cabinet (ROBERT BURON, *Le plus beau des Métiers* [1963], p. 216).

[10] For example, the shipyards of Penhoët were completely reorganized along the lines of the most advanced American practices (PAUL DEVINAT, *Scientific Management in Europe*, International Labor Office, Studies and Reports, Series B, No. 17 [Geneva, 1927], p. 235). For sources on the First World War see CAMILLE BLOCH, *Bibliographie méthodique de l'histoire économique et sociale de la France pendant la guerre*, Carnegie series, Série française (1925).

businessmen and consultation with the state.[11] In other agencies, established to determine prices, transport priorities, etc., contacts between French businessmen and public officials and their Anglo-American counterparts was intensified.

What might be called the first generation of technocrats made their debut in government service with the proliferation of such wartime offices. These men and their successors are the principal protagonists in this account of the transformation of the French state and economy. Some, such as André Tardieu and Pierre Mendès-France, were parliamentarians; there were a few private individuals who tried to shape government policy or entered public service temporarily; but the majority were *hauts fonctionnaires,* top-level career administrators who directed the major economic organs of the state. Of these, Jean Bichelonne, François Bloch-Lainé, Michel Debré, and Jean Monnet were the most commanding figures.

The term « technocracy » is a recent American import and carries a mildly derogatory meaning in French. The French *technocrate* thus usually repudiates this attribution and the stereotype that accompanies it.[12] But technocracy as an intellectual tradition in France

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[11] The Second World War inspired similar organizations, first the Vichy Organization Committees (see pp. 26-27), then the liberation's Modernization Commissions (see pp. 33-34).

[12] The *Petit Larousse* (1959) defines *technocrate* as an « homme d'état ou haut fonctionnaire qui exerce son autorité en fonction d'études théoriques approfondies des mécaniques économiques, sans tenir un compte suffisant des facteurs humains ». There is a digest of the beliefs of the contemporary technocrat by JEAN TOUCHARD and JACQUES SOLÉ, *Planification et technocratie,* « La Planification comme processus de décision », Cahiers de la Fondation Nationale des Sciences Politiques, No. 140 (1965), pp. 31-33. This mock credo begins with, « One must be a realist », calls political parties, ideologies, nationalism, liberal capitalism, and Marxism all *dépassé,* declares belief in social mobility, efficiency, progress, and Alfred Sauvy, and concludes with « We are not technocrats ». A typical example of prominent technocrats protesting their classification is the recent study of LOUIS ARMAND and MICHEL DRANCOURT, *Le Pari européen* (1968). They promote all the standard aims of technocracy yet deprecate « technocrats » by describing them as soulless state bureaucrats who impede change with rules and hold Gaullist rather than European priorities. The major professional categories which popular opinion regards as technocratic are: officials of the economic administration, graduates of the École Nationale d'Administration, state engineers, economists and statisticians, and « Eurocrats » (BERNARD GOURNAY, *Technocratie et administration,* « Revue française de science politique », X [December 1960], pp. 884-885). Poujadists, Communists, and other critics regard the technocrats as heartless productivity maniacs who impose their will on others, depend on foreign trusts, blindly admire America, patronize supermarkets, know only Paris, and drink whisky and Coca-Cola (TOUCHARD and SOLÉ, p. 29).

dates back over a century to the Comte de Saint-Simon. As a doctrine technocracy has as its fundamental aim the creation of material abundance through the appropriate management and development of economic, especially industrial, resources. It further usually prefers rule, economic and even political, by an elite of experts. While technocracy is often regarded as a right-wing doctrine because of its elitism, its emphasis on production rather than distribution, and its interest in rationalizing rather than overturning capitalism, it has also displayed a strong socialist thrust. One can see this in Saint-Simon's own belief that the needs of « the poorest and most numerous » would be served by the improvement of human productivity through industry, science, technology, and central planning. Thus technocrats of the Left have looked to distributing the new abundance and to curbing, if not supplanting, the prerogatives of private enterprise.

In the 20th century French technocrats of both the Right and the Left have conceived of « modernization » as a single path forward: France must follow the lead of the « advanced » countries lik the United States and Germany toward a future whose content is predetermined. Thus the planners who gained ascendancy after 1945 believed that imitation was the means for France to catch up and become « un pays moderne ».[13] They have further assumed that the process of modernization would carry them, as an expert elite, forward to positions of economic control. As forecasters of French modernization the technocrats were farsighted. The « rural exodus » could not be stopped; thus the balanced economy collapsed of its own weight. And the economic reawakening of France after the Second World War was almost inevitable: it occurred throughout Western Europe. Yet it was not so evident that the technocrats would head the modernization process, and not so certain that *dirigisme*, meaning state and expert control, would succeed. In fact these were features unique to France among the major countries of Western Europe during the 1950's. Neither the British, the

[13] ROBERT MARJOLIN, *Le Commissariat Général du Plan*, « Cahiers français d'information », June 1, 1946, pp. 17-20. Similarly JEAN FOURASTIÉ, one of the leading popularizers of technocracy, traces the stages of modernization and confidently anticipates the final age of automation (*Le grand Espoir du XX^e siècle*, 1949).

West Germans, nor the Italians followed the French in their reliance upon state powers and officials, national planning, and public and private managers working in unison to accelerate and shape economic growth.[14] The technocrats' success in France was by no means inevitable, but was rather the result of certain contingencies, namely: the strength of the Saint-Simonian tradition itself; the intrusion of two wars and an occupation which stimulated *dirigisme*; the failure of business and government, especially in the 1930's, to make the economy perform satisfactorily; and the political adaptability of the technocrats.

Despite the persistent influence of Saint-Simonian thought upon their economic goals, modern technocrats were anything but doctrinaire in their choice of tactics: they could embrace both *dirigisme* and the free market as means to higher ends. In general they endorsed state action when private forces seemed unequal to the task—as was precisely the case with the task of mobilization during the First World War. Among the most prominent in the first generation, then, was Louis Loucheur. This engineer-businessman had been enormously successful at mass producing munitions early in the war. He became Under-Secretary then Minister of Armaments and War Manufactures, surrounding himself with like minded colleagues.[15] The exigencies of the mobilization program made former economic liberals like Loucheur discard their older views for more technocratic ones. Another technocrat, Senator Etienne Clémentel, headed an enlarged Ministry of Commerce for most of the war. He was a strong advocate of the consortiums and inter-Allied economic cooperation (which he wanted extended into the postwar period). On his staff was a young cognac salesman named Jean Monnet, who was to become instrumental in post-World War II planning. André Tardieu, Clemenceau's protégé and High Commissioner for Franco-American War Cooperation, went to New York to procure credits and supplies for the French war effort.

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[14] Andrew Shonfield, *Modern Capitalism* (New York and London, 1965).

[15] *Louis Loucheur: Carnets secrets, 1908-1932*, ed. Jacques de Launay (Brussels, 1962). Loucheur became an influential parliamentary leader in the 1920's and advocated a mildly interventionist state, European economic integration, and a centralized economic administration.

Like the other technocrats, Tardieu emerged from the war freshly aware of his country's relative industrial backwardness and eager for renewal.

The heavy public debt and ruinous inflation of the 1920's only intensified the republic's phobia about imbalanced budgets and distracted it further from the problem of industrial development. The staggering costs of the war absorbed public revenues that might otherwise have been employed in capital investment. But privately sponsored efforts at reform flourished, spurred by prospects of prosperity, by American and German competition, and by the perplexing inability of the politicians to meet postwar financial problems. For some the hallowed economic virtues of stability and balance began to fade before the attractions of affluence.

The technocratic reformers of the early postwar years continued the basic capitalist-socialist duality of their Saint-Simonian tradition. Among those with a « capitalist » outlook was Eugène Letailleur,[16] a businessman turned journalist, who wrote for the nationalist press during the war under the pseudonym of « Lysis ». He warned of the mighty German industrial colossus and blamed party politics for distracting the French from the pressing task of domestic industrial modernization. In 1918-19 he campaigned for a « new democracy » which would replace the politicians in parliament with « producers » and extend the state's responsibility for industrial progress. Lysis's movement attracted only a tiny following; when it refused to collaborate with the right-wing *Bloc national* for the 1919 elections, it suffered an overwhelming defeat and dissolved soon after.

By far the most formidable effort launched by the capitalist neo-Saint-Simonians was that of Ernest Mercier.[17] This naval engineer turned manager, a protégé of Loucheur and an admirer of America, recruited like-minded businessmen from the dynamic industries. Their well-financed pressure group, the Redressement Français, reached its peak of influence in 1926-27. Its program of

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16 Some of his more important works are: *Contre l'Oligarchie financière en France* (1908); *Pour renaître* (1917); *Vers la Démocratie nouvelle* (1917); *Demain: Profession de foi de la démocratie nouvelle* (1918); *Pages inachevées* (1928).

17 Richard F. Kuisel, *Ernest Mercier: French Technocrat* (Berkeley and Los Angeles, 1967).

national overhaul stressed the adoption of American methods of mass production, industrial concentration and research, and the elimination of marginal producers. State intervention was considered a danger, yet Mercier's group believed the republic could be managed more efficiently by freeing government from party politics and giving experts, especially *hauts fonctionnaires*, a greater say in determining policy. Despite a few successes, the Redressement was unable to persuade parliament, labor, or even the business community.

The leftist or labor based technocrats of the 1920's were unable to match the Redressement's impressive organization. Yet a number of young syndicalist intellectuals sought to wed industrialism with socialism. They proclaimed the need for « a modern state » — one fortified by technicians, guided by a plan, and devoted to industrial expansion, but built on a syndicalist base. « The old liberal conception of the state is notoriously inadequate for the direction of the rationalized economy », they argued. The state should not abandon production to individuals. What was needed was an *économie dirigée*, but not an « *économie régentée* — the state should be the conductor of the orchestra ».[18] In 1928 Bertrand de Jouvenel, a maverick leftist, created a minor sensation with his book, *L'Economie dirigée*. The role of the state, he said, should be to control the monopolistic, power-hungry plutocracy. But these jouralistic efforts had little impact on the conduct of the Third Republic.

In the 1920's technocratic movements like the neo-Saint-Simonians were not confined to France. Throughout Europe, and especially in America, there were those who held a vision of future society based on the promise of production and technology.[19]

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18 René Pinon, *Les nouvelles Conceptions de l'état*, « Revue économique internationale », October 1929, p. 29. For bibliography on the neo-syndicalists see Kuisel, *Mercier*, pp. 70-71.

19 See the provocative article by Charles Maier, *Between Taylorism and Technocracy: European Ideologies and the Vision of Industrial Productivity in the 1920's*, « Journal of Contemporary History », V, No. 2 (1970), pp. 27-61. It is Maier's contention that the productivist enthusiasts in Europe shared a common desire to transcend traditional class conflicts and to establish a new basis for social harmony. Also see Devinat, *Scientific Management*.

Fascism came to power in Italy with a productivist doctrine and the intention of elevating technical elites, e.g., the *gruppi di competenza*. In Weimar Germany the ideal of *Planwirtschaft* advocated by Walther Rathenau and others after the war gave way to the rationalization movement of the later 1920's. And in America « Fordism » became the vogue and Thorstein Veblen and Herbert Hoover offered competing versions of the coming technocracy.

The special needs of a war-torn country were more crucial than the efforts of the neo-Saint-Simonians in the state's rare decisions to intervene during this period. Technocrats like Tardieu and Loucheur were among the ministers responsible for the rebuilding of the devastated Northeast. Heavy expenditure for industrial renewal did result in considerable improvement in plant size and equipment. Reconstruction of the so-called Liberated Regions, however, was considered an emergency operation, and state direction terminated when the task was completed. There was an attempt to continue the Taylor movement with the creation of a Commission Permanente de Standardisation, but it had little success and was abandoned to private initiative. A few « mixed companies » — « mixed » because they combined public and private ownership and management — were established to undertake special large-scale tasks, like developing the Rhone valley, where private capital was reluctant to venture. Some of these enterprises, such as the Compagnie Française des Pétroles, struggled along and eventually contributed greatly to industrial development; yet there was pressure on the state from liberals in business, academic, and political circles to abandon almost all its industrial and commercial functions.[20]

At the same time, the Left was not satisfied with any halfway station toward public control. The trade union federation (Confédération Générale du Travail or CGT) produced its own scheme for the outright nationalization of key industries. In 1925 the CGT also inspired the establishment of the Conseil National Eco-

[20] Liberal economists, like Auguste Deschamps, led the campaign (ADOLPHE DELEMER, *Le Bilan de l'étatisme* [1922], p. 224 ff.). Also see PIROU, *Doctrines*, pp. 152-157. Other reformers wished merely to streamline the operation of public enterprise, usually according to the principles of F. W. Taylor or Henri Fayol (ALBERT LANZA, *Les Projects de réforme administrative en France, de 1919 à nos jours* [1968], pp. 144-145).

nomique (CNE).[21] Labor, capital, and the consuming public were represented on the council. Its aims were to study pressing economic and social questions, to recommend projects to the government, and to advise parliament on pending legislation. But parliament was suspicious of this potential rival, this quasi-parliamentary body based on interest group representation. Neither parliaments nor governments sought the council's advice, and the council itself was timid in offering it. Employers' associations were simply hostile. Ministry officials alone proved willing to seek the council's advice: they were eager to exchange random contact for regular consultation with business and labor. The CNE had a stormy history. It barely survived subsequent rightwing governments. Revived for a moment by the Popular Front in 1936, it succumbed to the Vichy regime. Nevertheless, the council managed to provide a large number of high quality reports, notably those concerning problems of industrial modernization, e.g., the rationalization of production. It was to re-emerge during the Fourth Republic.

The technocratic schemes and movements of the 1920's reached a characteristic climax with André Tardieu's government at the end of the decade.[22] Tardieu, like so many others who had worked on wartime mobilization and especially those who had had contact with the Allies, had been awakened to the inferior capacity and incoherence of French industry. His inflexible attitude toward Germany, his intimacy with Clemenceau, his ties with big business, his arrogance and ambition, and his contempt for political parties had won him the distrust of the Left. As champion of the technocrats, e.g., the Redressement Français, Tardieu hoped to promote the mystique of economic growth, expedite the schemes of his expert advisers, and replace « lobbying » with official consultation

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21 GEORGES DUBOST, *Le Conseil National Économique* (1936); Sharp, pp. 555-561.

22 My account of the Tardieu experiment relies on the « Journal officiel » and TARDIEU's speeches contained in *L'Epreuve du pouvoir* (1931), plus the following secondary studies: FRANK HOLDER, *André Tardieu, Politician and Statesman of the French Third Republic: A Study of his Ministries and Policies, 1929-1932*, unpublished thesis, University of California at Berkeley, 1962; RENÉ CAPITANT, *La Crise et la réforme du parlementarisme en France*, « Jahrbuch des Öffentlichen Rechts der Gegenwart », XXIII (1936), pp. 1-71; RUDOLPH BINION, *Defeated Leaders: The Political Fate of Caillaux, Jouvenel, and Tardieu* (New York, 1960), pp. 284-309.

between interest groups and the state. He was a right-wing deputy who appeared in a number of postwar governments usually as head of a technical ministry like Public Works. Then in 1929 he formed his own government composed largely of young parliamentarians from the Center and Right. The new premier announced that he would spend five billion francs from the treasury surplus to launch a five-year program of « national retooling » (*outillage national*), in which the government would commit itself to assisting the French in achieving a prosperity equal to America's. It was a program based partly on the proposals of the CNE. Approximately equal amounts were to be spent on: public works, public welfare, and agriculture. The economic infrastructure would be renovated by improving the electrical and transportation networks. New health and educational facilities would be provided, with special emphasis on the improvement of rural communities. It is to be noted that Tardieu remained committed to a balanced budget and his program showed no clear preference for industrial development, as Monnet's would later.[23] Yet Tardieu and his ministers did openly and firmly proclaim the obsolescence of economic liberalism. André François-Poncet, as Secretary of State for National Economy, spoke of the state's role:

> We believe... that in a modern economy, the state has a duty to intervene, not so as to hamper private enterprise or to compete with it, but so as to guide it, enliven it, and support it for the benefit of the general level of activity; to clear the way for it and assure it of regular and steady operation.[24]

Tardieu's bold « plan for national equipment », which broke with the liberal style of the republic, was never implemented: the

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[23] The *rapporteur* for Tardieu's bill argued it would stem the rural exodus and thus preserve « the economic and moral equilibrium of the nation » (« Journal officiel de la République française, débats parlementaires, Chambre des députés », July 8, 1930, p. 2987). Hereafter « J. O. débats ». Bernard Chenot (*Organisation économique de l'état* [1951], p. 127) calls it « un plan d'équipement des campagnes ». During the depression of the 1930's Tardieu rejected both deficit spending and devaluation because they courted inflation.

[24] « J. O. débats », July 8, 1930, p. 2989. In a speech on June 1, 1930 Tardieu said that his government's policy of « systematic aid to the vital forces of the country » was without precedent — except for the war. He commented further that « the old and

political maneuvering he so despised blocked it. After discussion of the scheme had been delayed for almost a year, it was finally considered as part of the regular budget. Debate required seventy-five sessions and forty-one votes of confidence. The Right provided only grudging support for Tardieu's program, preferring to use the funds assigned to it to amortize the national debt, protect the franc, or for national defense. The motives for the Left's opposition were both political and personal.[25] Within the Chamber's powerful Finance Committee, Radicals and Socialists agreed in principle with the premier's plan, but countered with their own proposals for much larger expenditures over longer periods with funds from different sources and with different priorities. They distrusted Tardieu himself and feared the threat he posed to the functioning of the republic's party system. Believing that his program closely resembled theirs in its concern for social welfare, the Left was afraid that Tardieu's political success would come at their expense. Meanwhile, numerous interest groups stampeded to get their share of the surplus in the form of higher wages or pensions, and tax relief. Despite the formidable opposition, the Chamber was in the process of finally voting on Tardieu's proposal in late 1930, when his second government lost its majority on grounds of alleged complicity in a bank scandal. The plan failed in the wake of these events. Some appropriations were voted in 1931, but by then their purpose was no longer retooling but combatting unemployment.

The depression would shelve all prospects of economic expansion. It would shift concern from industrial concentration, standardization and budgetary surpluses to falling exports, uncompetitive prices, unemployment, and budgetary deficits. The Third Republic responded initially with a reaffirmation of liberalism, sometimes

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noble liberal doctrine of laissez-faire and laissez-passer » had been bypassed by such economic changes as the concentration of capital and the international activities of modern corporations. Hence, « The state, whether one likes it or not, must intervene and control. In the general interest its duty is to come to the aid of professional interests momentarily threatened, to foresee and prevent the effects of external events on national production and wages. Its duty is to defend itself against the egoism of certain interests » (TARDIEU, *L'Epreuve*, pp. 52-53).

25 One Socialist member of the Finance Committee admitted as much (« J. O. débats », November 20, 1930, p. 3501). Also see JACQUES DEBÛ-BRIDEL, *L'Agonie de la troisième république* (1948), pp. 48-49.

tinged with « Malthusianism ».[26] Yet the enormity of the collapse prodded many to search for alternatives. In the ferment of the 1930's the consensus supporting the immobile state disintegrated and the transition to *dirigisme* began. Impersonal economic forces thus intruded and in the long run served the technocrats' cause.

The republic's conduct of economic affairs between 1931 and 1935 was pathetic. French governments imitated neither the massive interventionism of Nazi Germany, nor the vigorous pragmatism of the American New Deal: their behavior was closer to the British « muddling through », but with less success. The Radical party was the political party *par excellence* of the interwar years. The Radical leaders were notoriously incompetent in handling public finance; its expert advisers (except for Mendès-France) were all conservatives.[27] In the early 1930's the Radicals, who disagreed on most everything, agreed on the virtues of a balanced budget and deflation, and the evils of devaluation. At first the authorities tried to restore economic vigor through such traditional expedients as extending protection against imports, subsidizing hard pressed agricultural commodities and dampening industrial competition. The reflex response to growing deficits in the public budget was to compress expenses; the alternative of raising aggregate demand through deficit spending or tax relief was not seriously considered.

While Great Britain and other nations benefited from devaluations in the early 1930's, France refused to modify the exchange rate in order to bring domestic prices in line with world prices. One argument against devaluation contended that deliberate dilution of the franc was immoral, since that would undermine an entire social order founded on saving and monetary stability. Devaluation and inflation were often confused, a consequence no doubt of the

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[26] Malthusianism in this context refers to an underlying pessimism about both the possibility of improving the material lot of man and the use of restraint to avoid the danger of over-production. In a recent article TOM KEMP sees Malthusianism, like monetary deflation, as symptoms of a wider « crisis of confidence » in French society which, he believes, accounts for the economic troubles of the 1930's (*The French Economy under the* Franc Poincaré, « Economic History Review », XXIV, No. 1 [February 1971], pp. 82-99).

[27] PETER J. LARMOUR, *The French Radical Party in the 1930's* (Stanford, 1964), pp. 63-77.

nation's nervousness over the franc after its near escape from disaster during the 1920's. At this time unbending liberals like Louis Germain-Martin dominated the Ministry of Finance. Eventually, in 1935, the republic attempted full-scale deflation in order to bring prices down: the state set an example with a ten percent cut in all prices and wages under its control. Such ill advised action probably only aggravated the depression by discouraging investment and further contracting demand.

The advice from organized business and the « economics establishment » supported the government's orthodox response.[28] The nation of J.-B. Say and Frédéric Bastiat did not relinquish its liberal doctrine easily. The basic liberal prescription for depression was to wait for the natural purge of unhealthy producers, to reduce state expenditures, and to deflate prices and wages while guarding the franc. Intervention would only aggravate a passing disequilibrium and turn it into a catastrophe. In its Malthusian variation, the prescription included direct government action, but only that which aimed at driving down production to meet reduced demand or reducing productivity to raise the employment rate. The state's few interventions of the 1930's corresponded in fact to these negative aims.[29] One of parliament's foremost financial experts, Joseph Caillaux, repudiated the modernization movement of the 1920's by arguing that France had become « over-industrialized »; he blamed technological progress for creating the unwanted surpluses. Caillaux proposed schemes to retard the spread of technology and to combine the artisanal mode of production with that of the assembly line.[30] Charles Rist, a top adviser to interwar governments, noted fatalistically that a depression was inevitable after a major war and a

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[28] Eminent economists like Colson, Rist, Rueff, and C.-J. Gignoux were tenacious defenders of liberal policies in the 1930's. The « Journal des économistes », directed by Germain-Martin, accurately reflected the views of the « economics establishment »; it rejected all state intervention and recommended a return to the free circulation of capital and products. See ALFRED SAUVY on « le silence des clercs » regarding devaluation and how some economists blamed the industrial progress of the 1920's for the depression (*Histoire économique de la France entre les deux guerres* [1965-67], II, pp. 103-104, 364-366). Also see PIROU, *Doctrines*, 3rd ed. (1934), pp. 206-210.

[29] SAUVY, II, pp. 367-378. An exhaustive account is HENRY LAUFENBURGER, *L'Intervention de l'état en matière économique* (1939).

[30] GEORGES FRIEDMANN, *La Crise du progrès*, 6th ed. (1936), pp. 167-170.

period of rising prices.[31] He was skeptical about credit manipulation as economic therapy. Nor was he impressed with Keynes' analysis of the crisis and his solutions. Rist rejected Keynes' central contention that during a depression savings may not be transformed into investment. The French expert chided Keynes that his only practical remedy, public works, had already been suggested by Malthus, and that his calculation of the benefits according to the multiplier theory had not convinced many economists.

Like Rist French economists in general were unreceptive to the *économie dirigée*. At a conference held at the Ecole Libre to discuss this international phenomenon, C.-J. Gignoux warned that further state intervention in France would lead to political dictatorship — socialist or otherwise.[32] To date, Gignoux argued, government controls, representing the « slow infiltration of socialism », had only sheltered faltering producers from competition. Gignoux thus reiterated the standard liberal critique, which was not without merit, that under the weak Third Republic intervention merely protected special interests. His own recommendations were to trim the state's economic activities (its proper role was « simply to preserve a free economic milieu ») and encourage self-discipline among businessmen. Similarly, the businessmen represented in the national employers' federation advocated their standard blend of liberalism with protectionism, cartels, and self-regulation. Indeed the head of the federation insisted that government should interfer less in a time of depression.[33]

Despite such reaffirmations of liberalism, dissent spread in French society at large.[34] A few prominent academic economists

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31 Rist and Charles Gide, *A History of Economic Doctrines*, trans. R. Richards, 2nd ed. (London, 1948), pp. 738-747.

32 Société des Anciens Elèves et Elèves de l'École Libre des Sciences Politiques, *L'Économie dirigée* (1934), pp. 265-294. Also see René Gonnard, *Histoire des doctrine économiques depuis les physiocrates*, 5th ed. (1947), pp. 485-489.

33 Henry W. Ehrmann, *Organized Business in France* (Princeton, 1957), pp. 29-31.

34 For example, the program of the Fédération nationale des contribuables, which expressed middle class discontent in the 1930's, while continuing to urge the state to divest itself of its economic functions, declared economic liberalism outmoded and embraced corporativism (William A. Hoisington, *Taxpayer Revolt in France, the National Taxpayers' Federation, 1928-1939*, unpublished manuscript, 1972). Ehrmann (*Business*, pp. 43 ff.) discusses how employers began to experiment with alternatives after the shock of the Popular Front.

like François Perroux and Gaëtan Pirou, doubting that liberalism could find a solution to the crisis, drifted toward the *économie dirigée* and displayed some corporativist tendencies.[35] Both would serve at Vichy. Corporativism was a popular alternative among right-wing theorists.[36] While the schemes of different groups and individuals varied, they agreed that the best way to avoid the anarchy of economic liberalism was to give natural economic groupings (for instance, associations of employers and employees within the same branch of industry), called « corporations », the legal authority to regulate themselves. Although the technocratic planning movement has sometimes been assimilated to corporativism, in fact their only point of contact was the desire (in common with all anti-liberals) for the ordering of economic life. Where the technocrats identified themselves with economic growth, spurred by technology foreign trade, and state initiative, the corporativists were Malthusians and decentralizers who relied on semi-autonomous corporations to reduce the state's economic responsibilities. Although corporativism had a wide and diffuse audience, that included some of the pseudo-fascist leagues, it failed to establish any institutional roots or win any elite or social stratum which could sustain it.

The Left preferred nationalization and state planning. These policies were hailed as means to alleviate the depression and ameliorate capitalist exploitation, but again were rarely seen as instruments of expansion. Nationalization (or some form of public ownership and control of key sectors of the economy) had at least nominal support from many left-wing institutions, including the CGT, the Catholic trade unions, the Socialist party, and in a halfhearted way, the Radical party.[37] Planning was more controversial. In 1934-35

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35 PIROU, for example, believed that the state was bound to assume the role of economic co-ordinator and director; but as a safeguard against *étatisme* he urged the formation of strong trade unions and employers' associations within a corporativist framework. PIROU's principal works are: *Le Corporatisme* (1935); *La Crise du capitalisme* (1934); *Néo-libéralisme, néo-corporatisme, néo-socialisme* (1939). PERROUX wrote *Capitalisme et communauté de travail* (1938).

36 MAURICE BOUVIER-AJAM, *La Doctrine corporative*, 4th ed. (1943); MATTHEW H. ELBOW, *French Corporative Theory, 1789-1948* (New York, 1953).

37 Nationalization, like the *économie dirigée*, was one of the Radicals' « gigantic social fantasies » and not a serious goal (LARMOUR, p. 63).

the CGT added the idea of a planning agency to their program for liquidating the crisis and ending unemployment.[38] CGT leaders tried in vain to induce the Socialist party to endorse planning; their efforts were seconded by an earnest minority of young planners within the party. (Many of these left wing technocrats, like René Belin and Robert Lacoste of the CGT, and Robert Marjolin, Pierre Dreyfus, and André Philip of the Socialist party, were to play prominent roles later). But Léon Blum and other Socialist leaders objected to planning in theory: with the Communists, they believed that it would fail within a capitalist system, and at the same time they worried lest it inadvertently help preserve capitalism. For most of the Left, however, the idea of planning implied a threat to freedom and a step toward fascism. Although the renegade neo-Socialists who had broken with Blum's party adopted planning, the Socialists in 1934 equivocated on the issue. And in 1935-36 when the three major left-wing parties formed the Popular Front electoral coalition, they agreed to exclude planning from their official platform.[39]

Various non-political groups and unaligned individuals joined in dissent from prevailing economic policies. A spate of new reviews with titles like *L'Ordre nouveau*, *Esprit*, *Réaction*, and *Plans* appeared in the early 1930's.[40] Here young intellectuals like Robert Aron, Arnaud Dandieu, Emmanuel Mounier, and Denis de Rougemont expressed anti-establishment and anti-capitalist views, based on moral outrage. Laissez-faire capitalism stood condemned as wasteful, exploitative, divisive, and above all, conducive to selfish materialism. These youthful dissenters hoped to « place the economy in the service of man », some through planning or corporativism,

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38 GEORGES LEFRANC, *Le Courant planiste dans le mouvement ouvrier français de 1933 à 1936*, « Le Mouvement social », No. 54 (1966), pp. 69-90; PHILIPPE BAUCHARD, *Les Technocrates et le pouvoir* (1966), pp. 51-89.

39 Even nationalization almost disappeared from the program; it was confined to the armaments industry.

40 JEAN-LOUIS LOUBET DEL BAYLE, *Les Non-conformistes des années trente* (1969), pp. 217-232, 381-397; JEAN TOUCHARD, *L'Esprit des années 1930: une tentative de renouvellement de la pensée politique française*, « Tendances politiques dans la vie française depuis 1789 » (1960), pp. 89-120. A favorite formula (taken from La Tour du Pin) was: « Le libéralisme, c'est le renard libre dans la poulailler libre ». Both Vichy and the resistance owed a debt to these intellectuals (LOUBET DEL BAYLE, pp. 399-418).

some by a dose of technocratic expertise, some through a new labor code, and still others through a European federation.

In 1934 the elaboration of the *Plan du 9 Juillet*, sponsored by the eminent writer Jules Romains, attracted an assortment of young activists including fascists and socialists. They tried to submerge their differences in a practical program of economic, political, and moral reform: their synthesis gained brief noteriety yet satisfied few. Among the participants in the *Plan du 9 Juillet* were several polytechnicians who had formed their own study group, X-Crise, to explore ways to escape the depression.[41] At its peak X-Crise had about seven hundred members, mostly engineers and employers who were graduates of the Ecole Polytechnique. Although this forum entertained diverse views, including Jacques Rueff's liberalism, the dominant group were interventionists who rejected Rueff's position and sought to organize and rationalize production and distribution through planning, producers' agreements, and *dirigisme*. Among the most influential voices at X-Crise were those of Jean Coutrot, Alfred Sauvy, Jean Ullmo, and Gérard Bardet. A decade earlier Coutrot had introduced scientific management in his factory. In the 1930's he advanced his own sweeping technocratic vision which emphasized meeting human needs through cooperation between the state, experts, and labor. Sauvy, a statistician and economist, provided a pragmatic and thoroughly Keynesian (but without Keynes) approach to the depression, while another polytechnician, Jean Ullmo, recast the debate over public finance by arguing that budgetary deficits should be conceived not as mere expenses to be borne or reduced, but as income transfers that benefited some citizens at the expense of others. And as a model of enlightened business practice Bardet offered his experiment of introducing workers into the management of his machine tool plant. These X-Crise leaders, and others, served as government advisers from the Popular Front

[41] Guy Desaunay, *X-Crise, Contribution à l'étude des idéologies économiques d'un groupe de polytechniciens durant la grande crise économique, 1931-1939*, unpublished thesis, Université de Paris, 1965; Bauchard, *Technocrates*, pp. 15-50. Also note the penetrating essay by another X-Crise leader and a former liberal industrialist, Auguste Detoeuf, *La Fin du libéralisme*, « X-Crise », March-August 1936, pp. 37-51. Detoeuf wrote, « Liberalism is dead; it was killed, not by human will or government policies, but by an irresistible internal evolution ».

through Vichy. Outside X-Crise, one other technocrat who plays a major part in our story, Michel Debré, also registered his dissent.[42] Debré, an ambitious young civil servant, objected to the incoherence, disorder, and amateurism of the economic bureaucracy. Yet circumstances obliged the state to extend its activity beyond merely dispensing comfort to its solicitors and to take the initiative in directing the economy. Accordingly he urged centralizing policy-making, improving the collection of economic data, and creating a highly trained and homogeneous staff of administrators.

We have only been able to sample here the wide range of theoretical non-conformism in the 1930's. The first actual departure from orthodox practice in this period occurred in 1936-37 under Léon Blum's Popular Front government. It was a crucial break, from which there was to be no complete return. The economic policies of the Popular Front are well-known: in summary, they represented a cautious movement to the Left. The public sector expanded slightly; this expansion proved to be permanent. Less successful, in the view of most scholars, were the Popular Front's attempts to improve the position of the working classes and to alleviate the depression. The Popular Front ended deflation and presided over a substantial boost in wages in order to « increase purchasing power », though deficit spending was not attempted. The long overdue devaluation also came, but without any exchange controls and only because it was forced on Blum. The function of overall coordination of the state's economic activities was assigned to the new Ministry of National Economy, headed by the Socialist Charles Spinasse and staffed with his technocratic friends like Jean Coutrot. But resistance from the other ministries, especially its arch rival on the Rue de Rivoli, prevented Spinasse's ministry from ever establishing its authority. In the end the mandate of the Popular Front expired before much of its program was ever implemented.[43]

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[42] See note 2.

[43] Among others, there were proposals for public works, unemployment insurance, and an École Nationale d'Administration. Blum's successor, the Chautemp's ministry, governed with a Popular Front majority and completed the long process of nationalizing the railroads. When Blum returned to power briefly in 1938, he was decidedly more interventionist than during his first ministry.

The Daladier governments of 1938-39 called their economic program the « last experiment in liberalism », as in some ways it was. They made serious efforts to balance the budget by increasing taxes and compressing expenses. They also reversed some Popular Front measures, such as the forty-hour week, which they rightly viewed as an obstacle to greater industrial output. For Daladier and his Minister of Finance, Paul Reynaud, were decidedly more production oriented, more expansionist than their predecessors before 1935, and they left much less to the automatic functioning of the market. Reynaud, for example, announced that « the state is responsible for the general orientation of the economy ».[44] His staff included a liberal like Rueff but also rising technocrats like Debré, Ullmo, Sauvy, Dominique Leca, and Claude Gruson. The government issued hundreds of economic decree laws and at one point entertained hopes of launching a ten-year development plan which in some ways resembled Tardieu's. It did extend various investment and production incentives to the business community; it promoted product standardization, scientific research, and the collection of industrial statistics. Another devaluation, massive spending on rearmament, and the general trend toward economic mobilization, especially after Munich, demonstrated that the old liberal era was over.

Legislation adopted in 1938 defined the vast powers of a wartime government and established the legal basis for the emerging *économie dirigée*. With the coming of war in 1939 a powerful Ministry of Armaments was created and endowed with virtual control over French production. As in the First World War, technocrats were summoned to staff it. Raoul Dautry, formerly head of the state railways, became minister and surrounded himself with young technocrats recruited largely from the elite engineering corps. After 1940 Dautry's ministry was easily transformed into Vichy's mighty Ministry of Industrial Production and many of Dautry's appointees, like Jean Bichelonne and Pierre Ricard, were to stay on.

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44 Quoted in DELOUVRIER and NATHAN, fasc. I, p. 52. REYNAUD later described his policy as « une économie orientée dans le cadre de la liberté » (*Mémoires: envers et contre tous* [1963], p. 238). The Minister of Commerce even addressed a Radical congress on the virtues of an *économie concertée*.

In retrospect the technocrats had failed to turn their cause into a mass movement or win political allies between the wars. In the 1920's business, labor, and the political parties repudiated the neo-Saint-Simonians. And neither the Right nor the Left was willing to rally behind Tardieu. During the 1930's the Right plunged into corporativism while the leaders of the major left-wing political parties were at best unenthusiastic about planning. Unable to attract wide support, the technocrats remained a small movement, poorly organized (at the level of study groups), and restricted largely to the administrative and business elites. Rejection also tended to nourish their conception of themselves as above parliaments and politics. Yet the technocrats had made some headway: they had formed cadres, gained experience in government service, added agencies and precedents, and profited from the growing dissatisfaction with liberal ways. The next turn of the historical kaleidoscope — the fall of France — offered them a chance to form a partnership with the traditional Right.

The unexpected collapse of the Third Republic in 1940 provided an opportunity for many of the political « outsiders » of the 1930's. Among the diverse factions that rallied to Marshal Pétain were the technocrats. Pétain wanted to bar the old guard of business, labor, and parliament from his National Revolution and preferred to let experts take charge of economic affairs. Thus he appointed young civil servants and business managers to positions like the Minister of Finance and they in turn co-opted others. Eager to use the state's authority for economic renovation, the technocrats installed an *économie dirigée* which surpassed that of the First World War.

At Vichy a grand Ministry of Industrial Production, a technocratic creation based partly on *directions* seized from other ministries, partly on new agencies, assumed far-reaching powers to regulate all phases of manufacture and marketing. The new ministry had authority to distribute scarce resources and to compel the standardization of production techniques.[45] Its novel structure

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[45] JEAN BICHELONNE commented on the ministry's Central Office for the Allocation of Industrial Products, « the distribution [of products] contains a leaven of technical progress which has already brought results and which is inseparable from the economic

permitted close scrutiny of each branch of industry. The quiet revolution in the collection of economic statistics, begun in 1937, also advanced.[46] During 1941-42 the ministry designed and secured funds for a ten-year plan for overhauling the nation's capital equipment. The technocrats Belin, Pierre Pucheu, François Lehideux, and finally the formidable Jean Bichelonne headed the ministry and staffed it with state engineers. This ministry and its personnel survived the war and the liberation almost intact to become « one of the chief governmental tools of expansion ».[47]

But the creation of Comités d'Organisation (CO's) was the armistice regime's most ambitious attempt to reform industry.[48] Its long-term aim was to organize employers and thereby enlist their participation in an *économie dirigée*. The CO's would help meet the wartime shortages and promote industrial recovery, protecting the French plant from usurpation by the German occupiers. Ultimately, they were to transmit a modernizing impulse. Each branch of industry came under a CO's authority, directed and financed by employers, but supervised by the Ministry of Industrial Production. The CO experience brought civil servants and employers together as never before: they became veritable industrial planners. At least in the more modern sector, especially in war-related industries where German and Vichy interests coincided, they effected mergers, raised productivity, and improved technology.

The CO's, however, were unable to prevent an absolute decline in industrial production. Shortages and restrictions hampered

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activity, that is from the 'police measures' which the public is too inclined to notice » (ROBERT CATHERINE, *Économie de la répartition des produits industriels* [1943], pp. vii-viii).

[46] According to ALAN S. MILWARD (*The New Order and the French Economy* [Oxford, 1970], p. 68) the primitive state of French statistics shocked the Germans. As an index of its interest in productivity, Vichy prepared the first historical survey of the topic: SERVICE NATIONAL DES STATISTIQUES, INSTITUT DE CONJONCTURE, *Le Progrès technique en France depuis cent ans* (1944).

[47] ROBERT CATHERINE, *L'Industrie* (1965), p. 21.

[48] For the CO's see: JEAN-GUY MÉRIGOT, *Essai sur les Comités d'Organisation Professionelle* (1943); CLAUDE GRUSON, *Origine et espoirs de la planification française* (1968), pp. 28-36; LÉON LIEBMANN, *Entre le mythe et la légende: « l'anti-capitalisme » de Vichy*, « Revue de l'Institut de Sociologie », No. 1 (1964), pp. 109-148; EHRMANN, *Business*, pp. 76 ff. Ehrmann writes (*Business*, p. 100): « The modern employers' movement owes much, in many cases all, to the impulses it received during the Vichy occupation ».

them and opposition harassed them. Nevertheless, during the liberation the Left was so impressed with their effectiveness that it preserved the CO's for another two years. The career of Pierre Ricard exemplifies the technocrats' apparent imperviousness to political upheaval. He was a *fonctionnaire* in Dautry's armaments ministry in 1939; during the occupation he directed an innovative CO; afterwards he became the modernizing *éminence grise* of the new national employers' confederation, helping Monnet to enlist business support for the Plan.

Under Admiral Darlan's government of 1941, the technocrats extended their influence into political and diplomatic affairs. They did not accept Nazism as a political model, but they did admire Germany's industrial plant and its organization.[49] To their minds, France had either to overhaul her economy in order to become worthy of partnership with Hitler, or else she would suffer his domination. Meanwhile the technocrats' growing power, their clannishness, and their aggressive approach to modernization aroused a storm of opposition. Maurrassians, corporativists, and fascists hatched a slanderous rumor which assigned the technocrats' origins and goals to a sinister « Synarchy ».[50] However false, the Synarchy affair attracted popular sympathy and undermined the technocrats' position. Pétain himself was distressed by their ambitions and policies; preferring to sustain small enterprises rather than big business, he joined the critics.

The technocrats resisted, but after Darlan's fall in 1942 they began to withdraw. Some were disenchanted with Vichy and collaboration or decided they could not fulfill their hopes at that time. Of the major figures only Bichelonne remained with Pétain till the end. Except for a few ministers and those who had engaged in high level negotiations with the Germans, the technocrats avoided the stain of collaboration. Most had worked quietly on economic

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[49] BICHELONNE enjoyed the respect of his technocratic counterpart, Albert Speer, the Nazi Minister of Armaments. In 1943 they joined forces against Fritz Sauckel, a Nazi ideologue and the Commissar-General for Labor, over the issue of raising industrial production in France (MILWARD, pp. 149-162).

[50] RICHARD F. KUISEL, *The Legend of the Vichy Synarchy*, « French Historical Studies », VI (Spring 1970), pp. 365-398.

and administrative reform, kept clear of politics, or departed before Vichy's credit was gone. In the end the technocrats at Vichy were denied their triumph by the war, and by the forces of conservatism, reaction, and fascism. But as of 1944 these forces were on the run. The technocrats emerged unscathed and politically unattached — free for the Left to adopt their program as a means of improving the lot of the working man. The technocrats in turn, frustrated with the Right, would accept the Left's support, yet insist on their autonomy and their political neutrality — a posture recommended by the lessons of the past twenty-five years. Thus they would entrench themselves safely in unexposed positions within the administration.[51]

This opportunity was provided by the resistance organizations and reaffirmed during the liberation, when the forces for change which had been building momentum for over twenty years finally broke through. The aim of the resistance in economic matters was, in general terms, to provide a rational order to the economy: an *économie dirigée* (though not of Vichy's authoritarian stripe) must replace the wasteful and anarchic liberal order. Each major resistance group articulated its own program, yet it is possible to distinguish this as the overall direction.[52] The Gaullists established several commissions charged with concerting efforts: newcomers like the Inspector of Finance Emmanuel Monick joned early advocates of planning like André Philip and Robert Marjolin to study postwar problems. Those who had failed to convert the Left in the 1930's were now deciding policy. At the same time, the Commissariat of Armament and Supply, directed by Jean Monnet in Algiers, forged the nucleus of the postwar Planning Commission.

The resistance insisted that the new, managed economy must serve the people, not selfish interests. From all quarters came condemnations of the parasitical « trusts » (a *féodalité fainéante*) which had allegedly collaborated with the occupiers. There would

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[51] The continuity of *hauts fonctionnaires* from Vichy into the Fourth Republic is documented by ROBERT O. PAXTON, *Vichy France: Old Guard and New Order, 1940-44* (New York, 1972), pp. 334-343.

[52] See HENRI MICHEL, *Les Courants de pensée de la résistance* (1962); HENRI MICHEL and BORIS MIRKINE-GUETZÉVITCH, *Les Idées politiques et sociales de la résistance* (1954).

be no independent trade unions, no free press or free market, they said, unless the power of the trusts was smashed. The resistance roundly attacked « all economic Malthusianism » and argued that a defensive, Maginot line mentality worked no better in economics than in war. The Left saw rejuvenation as the means of improving the lot of the masses, while the Gaullists envisioned it as a prerequisite of France's return to the ranks of the great powers. Thus reasons varied, but the ideal of the balanced economy had lost its hold on many minds. As André Philip wrote:

> France cannot remain an essentially artisanal and agricultural country, as the reactionary romanticism of Pétain dreamed it would; the war has shown that only great industrial nations count in the modern world. Thus agriculture should not remain predominant in France, and we should stop bemoaning the flight from the land.[53]

Rejuvenation entailed a rise in productivity and wages, massive investments for the rebuilding and extension of industry, as well as streamlined marketing of consumer goods.

Such economic goals required fundamental structural change. An interventionist state would « direct » (or « orient » or « coordinate ») the economy, but it must avoid *étatisation* with its overtones of bureaucratization and authoritarianism. Interventionism meant above all a partly nationalized economy, the « return to the nation » of monopolies held by the trusts and the seizure of the levers of command over the economy. There was disagreement on the scope and means of nationalization, yet a consensus existed on its necessity. Planning was a less common theme than nationalization; the Socialists warned that it must be participatory or democratic and « imperative », rather than obligatory. Indeed it was seen as an alternative to *étatisation*. Thus the resistance labored to free the directed economy from its associations with Vichy, fascism, and Stalinism.

Yet somewhat ironically, the resistance was in many ways the complement rather than the adversary of Vichy.[54] The leaders of

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[53] Quoted in MICHEL, *Courants*, p. 524.

[54] This is STANLEY HOFFMANN's thesis (see note 1).

the two wartime movements shared the same impatience with the disorder and backwardness of the French economy, and with the impotence of the state under the Third Republic. Although the resistance was more inclined toward socialism than Vichy, they shared a technocratic thrust. In the spring of 1944 Bichelonne had sponsored a technocratic study group at Vichy whose economic program and personnel the resistance largely appropriated.[55] Even De Gaulle, who otherwise had no use for Vichy, acknowledged that in their attempt at economic renewal Pétain's « technocrats had despite all setbacks shown incontestable skill ». The head of the future provisional government also realized that the economy had been « desperately out of date » in 1940 and that its renovation depended on the state.[56] Some prominent technocrats came to serve each regime in turn: thus Aimé Lepercq presided over a CO, resigned, joined the resistance and became the provisional government's Minister of Finance.

Of the major underground organizations, the Organisation Civile et Militaire (OCM) was technocratic to the point where one Gaullist leader called it « dangerous ».[57] The OCM attracted industrialists, lawyers, educators, and engineers, but was most unusual in its appeal to *hauts fonctionnaires*, of whom some had penetrated Vichy's economic and technical ministries. The Saint-Simonian banker Maxime Blocq-Mascart, the industrialist Pierre Lefaucheux, Lepercq, and others framed the OCM's economic program. They admired the CO's in principle for promoting self-discipline among businessmen and cooperation with the administration, yet they wanted such organs infused with the spirit of economic expansion (they wrongly blamed the CO's for restrictive production schedules) and supervised by a technical elite of *fonctionnaires* to guard the public interest. Typically, these resistance planners emphasized the satisfaction of consumer rather than producer needs. But they were

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[55] BAUCHARD, *Technocrates*, pp. 198-206.

[56] DE GAULLE, *Mémoires de guerre: Le Salut, 1944-1946* (1959), pp. 111-112. In addressing the Constituent Assembly in March 1945 De Gaulle stated, « if we cannot imagine the French economy of tomorrow without a free sector as extensive as possible, we declare that the state must hold the levers of command » (quoted by DELOUVRIER and NATHAN, fasc. II, p. 149).

[57] ARTHUR CALMETTE, *L'« O.C.M. »: Organisation Civile et Militaire* (1961), p. 150.

eager to have like-minded technocrats who had served Vichy without dishonor join them in the task of postwar reconstruction.

Given the rivalries within the resistance (there were left-wing technocrats like Mendès-France and liberals like René Pleven on De Gaulle's team), the paucity of information about economic conditions in France, the hesitations of De Gaulle himself, and the complexity and enormity of the tasks which faced the incoming authorities, it is not surprising that their vision of the future was uncertain, their goals lacking in definition. There was, for example, no agreement or much concern about the precise nature and scope of either planning or nationalization. Some considered planning merely as a means of improving the allocation of resources during a time of shortages or as a catalogue of aims, while others conceived of it as a vast investment program for expanding and modernizing the industrial plant. De Gaulle and the Communists, furthermore, were not enthusiastic about planning and nationalization in principle. No decision had been reached concerning the fate of the CO's and other aspects of Vichy's legacy. Moreover, the appeal of *dirigisme* was contradicted by a common desire to end wartime regulations and dispose of a hated past. As a result the provisional government improvised much and its achievements did not measure up to its goals.

With the end of the war, France made a fundamental break with the economic policy of the past. The enthusiasm of the moment provided wide popular support for economic renovation and state action.[58] Only a few voices dared dissent. Institutional innovation vastly enhanced the apparatus of state direction, and at the same time technocrats won control of the new centers of economic decision making — and a few of the old.[59] The drive toward administrative rather than political control over economic policy, which Vichy had stimulated, gathered momentum. Armed with new go-

[58] The data of STEVEN P. KRAMER (*The Provisional Republic: The Collapse of the French Resistance Front and the Origins of Postwar Politics, 1944-1946*, unpublished thesis, Princeton University, 1971, pp. 192, 344) show the populace desired drastic structural reform and nationalization; the motive for nationalization was frequently retribution against the trusts. Also see EHRMANN, *Business*, p. 348.

[59] For example, Lacoste became the Minister of Industrial Production, Monick, the Governor of the Bank of France.

vernmental organs, granted autonomy by De Gaulle, and backed by the public's desire for structural reforms, the technocrats had come to stay.

The parliamentary assemblies of those years readily concurred with the resistance planners' demand for nationalizations. A wave of legislation in 1945-46, much of it impromptu, established a large public sector, including gas and electricity, coal, credit, insurance, and much of transportation Suddenly the state had become an enormous employer and producer in its own right, but it attempted to keep faith with the resistance slogan: « nationaliser n'est pas étatiser ». Accordingly, tripartite governing boards of company personnel, consumers, and the state assumed direction of nationalized corporations; these boards were to provide autonomy and popular control. Their first managers, uninhibited technocrats like Louis Armand of the railroads and Pierre Lefaucheux at Renault, set dynamic precedents for their successors.[60] The nationalized firms received sufficient financial aid from public sources to undertake large-scale improvements, such as electrifying the railway network and constructing hydroelectric plants.

Although national planning had been called for by the resistance, a year passed without much progress except for the preparation of piecemeal plane and purchasing orders by various government agencies. Only the intervention of Jean Monnet saved it from chaos and indifference. Monnet, former economic adviser to foreign governments and the League of Nations, served on Allied supply commissions in both wars and gained considerable influence in London, Washington, and Paris. His mediation among French and Allied political factions, his unqualified supranationalism, and his socialism separated Monnet from De Gaulle. Yet in December, 1945 as head of the French purchasing commission in the United States, he appealed directly to De Gaulle. His historic memorandum argued that in order for France to recover its place in world affairs and to raise its standard of living, the nation must pursue industrial recon-

60 Later, less flamboyant personalities, like Pierre Massé (who became *directeur-général adjoint* of Electricité de France in 1948) and Pierre Dreyfus (who has been *président-directeur général* of Renault since 1955) took over. Both Massé and Dreyfus had been advocates of planning before the war.

struction and modernization simultaneously.[61] France's already antiquated plant and production methods had fallen further behind during the war, while the other belligerents were experiencing « a veritable technical revolution »; therefore modernization and expansion were the only way to attack « the root of the problem », to raise consumption levels and pay for imports. Monnet further warned that special interests were already seeking protection rather than change, and that unless the government took advantage of its current position of strength, the economy would « crystallize at a level of mediocrity ». He urged the co-ordination of piecemeal orders into a single grand plan. De Gaulle, realizing that economic recovery had been slower than anticipated, immediately appointed Monnet High Commissioner for Planning.

In this capacity Monnet quickly won the backing of the trade unions, of Léon Blum and the Socialists, and of the United States (which was anxious to see the best possible use made of its credits). His autonomous Commissariat became a new technocratic headquarters: Robert Marjolin, a professor who had studied Keynes at Yale, was Monnet's deputy, while his technical and financial advisers were the engineer and former manager Etienne Hirsch and the Inspector of Finance Paul Delouvrier. From the outset Marjolin explained that the Commissariat was but « une petite chose » which would not replace other government agencies, but would only help them implement their projects.[62] By posing as honest brokers and by limiting the size of their staff, the planners expected to avoid arousing the fears of established government services. The Commissariat could do its job with so few personnel because it would utilize the services of many others through Modernization Commissions created to help prepare the initial draft of the Plan. The commissions would continue the institutionalized consultation between business and

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61 This memorandum can be found in DE GAULLE, *Mémoires: Le Salut*, pp. 634-639. For the origins of the Monnet Plan see: EDGAR BEIGEL, *France Moves toward National Planning*, « Political Science Quarterly », LXII (September 1947), pp. 381-397; JEAN FOURASTIÉ and JEAN-PAUL COURTHÉOUX, *La Planification économique en France* (1963), pp. 1-40; PIERRE URI, *France: Reconstruction and Development*, « The Economics of Freedom », ed. Howard S. Ellis (1950), pp. 269-274; STEPHEN S. COHEN, *Modern Capitalist Planning: The French Model* (1969), pp. 81-115.

62 MARJOLIN (see note 13).

government inaugurated by Vichy. Marjolin described the men he wanted to serve on them: not prominent office-holders but those who recommended themselves by the « knowledge which they have of industry, by their dynamism, by their willingness to do something modern ». In the end hundreds of businessmen, technicians, civil servants, trade union and farm officials were to participate in these advisory commissions. Marjolin proposed that each commission ask itself: what do we need to become competitive with comparable sectors in the most advanced countries? Equipment? Reorganization? Research facilities?

Out of the efforts of the Modernization Commissions came the Monnet Plan, which aimed to eliminate obstacles to recovery and to permit long-term growth by modernizing and expanding the capital goods sector of industry It channeled public funds into this sector at a time when private sources had all but dried up, and relied on other state powers and incentives to encourage the use of these these funds. It was a crude design by later standards — ignoring for example the inflationary effects of massive spending — and was confined to a few, long-range goals. Its target industries were coal, power, steel, transport, building materials, and agricultural equipment. The Plan's strong industrial bias became overwhelming when its agricultural budget was later cut back.

In theory the nationalized enterprises and the preparation of the Plan were to be supervised by a new « superministry », the Ministry of National Economy.[63] Mendès-France defined its powers, and he became its first minister in 1944. The Ministry of National Economy represented a resurrection of the Left's old scheme to subjugate the Ministry of Finance under an authority possessing a broader and more dynamic outlook. Its functions (some inherited from Vichy's Ministry of Industrial Production) included numerous regulatory *directions*; in essence it was to provide overall orientation to the state's economic activity. Yet almost immediately the ministry suffered an ominous defeat. The liberal Minister of Finance, René Pleven, blocked Mendès-France's project to curb inflationary pres-

[63] CHENOT, pp. 128-142; FRANÇIS-LOUIS CLOSON and JEAN FILIPPI, *L'Économie et les finances* (1968), pp. 487-499.

sures through a drastic currency conversion. In April, 1945, after only four months in office, the volatile Mendès-France resigned his post. Meanwhile the Left had brought forward yet another old project with the Economic and Social Council, a restoration of the interwar CNE. Trade unionists and left-wing Catholics in particular had desired a parliamentary body that would represent social and economic groups. The council was to advise the political parliamentarians on all legislaton of an economic character and help prepare the Plan; but like its predecessor it remained weak; ignored by parliament and most governments.[64]

There were still other more substantial, though less publicized reforms during 1944-46. A small group of civil servants, led by Claude Gruson and Alfred Sauvy, began overhauling the state's apparatus for collecting and analysing economic and statistical data.[65] The new demands on the state for economic management, and an awareness of French backwardness compared to British and American services, prompted them. Soon new agencies and up-to-date methods appeared — even within the inner sanctum of the Rue de Rivoli — for the preparation of national accounts, the budget, general statistical studies, and economic forecasts. In the same period the government founded or rejuvenated several scientific and technical research institutes: atomic energy, communications and electronics, aeronautics and aerospace. In the long run, the efforts of these institutes were to help French industry reduce its technological lag.[66]

As the enthusiasm generated by the liberation dwindled, opposition to continued regulations and to certain of the new institutions appeared. There was dissatisfaction, for example, with price and wage controls which failed to curb inflation between 1944 and

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64 The council's plight, according to J. E. S. HAYWARD (*Private Interests and Public Policy: The Experience of the French Economic and Social Council* [New York, 1966], p. 14), represented « the triumph of the neo-Saint-Simonian technocrats in the Commissariat du Plan rather than the group representatives of Proudhonian and Social Catholic... pluralism assembled in the economic council ».

65 GRUSON, pp. 2-3; CHENOT, pp. 129-132; CLOSON and FILIPPI, pp. 38-39, 60-61; JOHN and ANNE-MARIE HACKETT, *Economic Planning in France* (Cambridge, Mass., 1963), pp. 104-112.

66 ROBERT GILPIN, *France in the Age of the Scientific State* (Princeton, 1968), pp. 151-187.

1948. And as the severe shortages faded, state intervention relaxed. The Ministry of Industry and Commerce of the Fourth Republic, which had inherited much of its authority from its predecessor at Vichy, gradually came to represent industry rather than to control it. Monnet's Planning Commissariat assumed the task of providing overall economic co-ordination, sapping the initiative of the Ministry of National Economy. The latter lost many of its other functions when prices were freed and higher priority was accorded to problems traditionally handled by the Ministry of Finance. The officials of the Rue de Rivoli isolated the newer ministry and, when it was demoted to a secretariat of state, they annexed it. Its demise was not a serious loss for the principle of *dirigisme*, however, because the Ministry of Finance and the Planning Commissariat had assumed its essential duties and philosophy.

In the early 1950's the Fourth Republic directed a sharply increased proportion of its budget towards capital formation.[67] Much of this funding was Marshall Plan aid, whose use the United States prescribed, channeled through the Plan's Modernization and Equipment Fund. At the same time the Fourth Republic, unlike the Third, launched an effective « productivity drive » which used American aid for loan programs and study missions abroad. The big push came with the republic's most technocratic cabinet, that of Mendès-France in 1954-55, when new funds for reconverting obsolescent firms, retraining displaced labor, and promoting regional industrial development were established. The state also began to use its powers of taxation as an instrument of industrial reform: new tax measures encouraged mergers and product specialization, while the introduction of the tax on value added (TVA) in 1954 has been described as « a major incentive to the modernization and re-equipment of French industry ».[68] At the parliamentary level old bottlenecks, such as deputies mutilating the budget and voting it late,

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[67] Spending jumped from 5% of the 1938 budget to 27% in 1953. The discussion in this paragraph draws on WARREN C. BAUM, *The French Economy and the State* (Princeton, 1958), pp. 35, 53, 126-127, 237-243.

[68] HARVARD UNIVERSITY LAW SCHOOL, INTERNATIONAL TAX PROGRAM, *World Tax Series: Taxation in France* (Chicago, 1966), p. 94. On the benefits of TVA for production also see LECERF, pp. 81-82.

continued until 1956. Then, according to Philip Williams, a new budgetary procedure largely removed these abuses and « without depriving parliament of its authority, gave the administration more chance to function and the government more chance to govern ».[69] Although the Fourth Republic was far too weak to sweep away the accumulation of privilege, a campaign against all forms of protectionism was begun. Some young civil servants even did battle with the most notorious *situation acquise*, the alcohol monopoly. Parliament participated in this campaign to some extent by adopting anti-cartel legislation. But it was Monnet, the Planning Commissariat, and the nationalized sectors (among others) who championed the more important entry of France into the European Coal and Steel Community in 1951. This move not only reversed the restrictive commercial policy of the past, but opened the way toward the Common Market and European integration.

The major technocratic innovations of the liberation, the nationalized industries and the Plan, not only endured but prospered. The nationalized companies in the 1950's were expansionist in their own operations and in their effect on the French economy.[70] Electricité de France (EDF) and the state railways led the way in applying econometric techniques. The uniform purchasing procedures of state firms fostered the standardization of equipment supply. In a few instances public enterprise (such as Renault) served as a model for private firms and sharpened competition. The directors of the nationalized companies successfully pressed for higher productivity, new technology, and more investment. Between 1947 and 1952 the state firms carried out approximately forty percent of all capital investment in Metropolitan France. The result was a large expansion

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69 *Crisis and Compromise: Politics in the Fourth Republic* (Hamden, Conn., 1964), p. 269.

70 My analysis depends on SHEAHAN, pp. 190-209; COTTA, pp. 548-550; BAUM, pp. 188-225; and UNIVERSITÉ DE GRENOBLE, travaux du 3e colloque des facultés de droit, *Le Fonctionnement des entreprises nationalisées en France* (1956). Everyone, of course, was not satisfied with the nationalizations. Public firms were most frequently faulted for: overly ambitious investment decisions, e.g., overestimation of the demand for coal; operating deficits; and their failure to improve labor relations. For an early critique see DANIEL VILLEY, *Les Étapes du capitalisme d'état*, and ANDRÉ THIERS, *Le Capitalisme d'état et la production industrielle*, « Vingt Ans de capitalisme d'état », ed. André Thiers (1951), pp. 13-42, 69-116. Business reaction is described by EHRMANN, *Business*, pp. 344-354.

of capacity, e.g., EDF, and rising productivity, e.g., coal mines and railways. Most important the example of public enterprise led private industry toward a pattern of high investment and a decisive break with prewar behavior. One economist surveying the machine tool industry of Renault, the Caravelle and Mystère jets, and EDF's high voltage power grid, concludes that « much of the stimulus for technological change came from nationalized industry ».[71]

The Monnet Plan (1947-52) was at least a qualified success.[72] Monnet's exhortations helped to reconcile the socialist-minded government of the early Fourth Republic with a conservative business elite disgraced by its wartime record. The planners succeeded in transmitting the expansionist message to other state agencies and to the business community. Two Harvard professors of business administration paraphrased several sources this way:

> Unless you knew French business and French businessmen at that period, you can't really appreciate what planning accomplished. Our businessmen were like a defeated army, and into this gloom came Jean Monnet and his experts saying that we not only could produce as much as in 1938, but as much as in 1929 — our peak year. He and his aides had meeting after meeting of this sort — something like your old-fashioned revival meetings in a sense, but devoted to business matters. And the effects were truly impressive. Businessmen began to invest, to modernize their plants — something they had largely abandoned during the 1930's. And as they saw electricity and steel production begin to mount, they began to believe Monnet. This was the most dramatic impact — a revival of confidence and a willingness to look ahead to the future economic growth of France.[73]

This regular and continuous exchange of information through the planning mechanism signaled a further advance toward the *économie concertée*. If the Plan did not reach all its production goals, it came

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71 CHARLES KINDLEBERGER, *Economic Growth in France and Britain, 1851-1950* (Cambridge, Mass., 1964), p. 159.

72 For some appraisals of the Monnet Plan see: PIERRE BAUCHET, *La Planification française: vingt ans d'expérience* (1966), pp. 272-273; COTTA, pp. 540-544; COHEN, pp. 81-115; DELOUVRIER and NATHAN, pp. 196-198; SHEAHAN, pp. 170-175; and JOHN H. MCARTHUR and BRUCE R. SCOTT, *Industrial Planning in France* (Boston, 1969), pp. 481-486. A self-appraisal is, COMMISSARIAT GÉNÉRAL DU PLAN, *Cinq Ans d'exécution du plan de modernisation et d'équipement de l'Union française* (1952).

73 MCARTHUR and SCOTT, pp. 483-484.

close. It achieved a high level of investment and pursued its modernization programs vigorously. Monnet's warning in 1945 about the economy « crystallizing » at prewar « mediocrity » was correct: had it not been for the Plan, it is likely that scarce resources would have been fruitlessly drained away in consumption or in the extension of out-moded industrial facilities.

The Second Plan (1954-57) has not received the universal acclaim of Monnet's. It was immoderate in encompassing all of industry and in trying to provide for general input-output coherence. And while the prestige of planning grew and its techniques improved, its real influence on industrial strategy declined.[74] Yet for the most part it exceeded its ambitious targets for industrial production, and it continued to involve those most immediately concerned in its projects. By this time the Planning Commissariat had become a permanent and vital institution of economic decision making — one directed by administrators and largely free of parliamentary control.

Under the Fourth Republic public economic policy was, from the technocrats' perspective, commendable. There are, to be sure critics like Warren Baum who have faulted the authorities for pursuing multiple (and sometimes contradictory) aims, which, in his view, resulted in their not achieving any.[75] Yet Baum, writing in 1953-54, underestimated the effects of planning, and he failed to perceive the overall direction of intervention and the pattern of growth that was to become clear later. More recently the Brookings Institute compiled a study of comparative growth rates between 1950 and 1962 which pointed up the unique role played by increased productivity in France's economic performance.[76] The study attri-

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[74] *Ibid.*, pp. 411-505.

[75] BAUM (see note 67) distinguished at least nine major objectives of intervention, such as: to control inflation, increase production, shelter the status quo, redistribute income, etc. The state was devoted to the promotion of industrial concentration, for instance, while both intentionally and unintentionally preserving marginal enterprises and *situations acquises*.

[76] EDWARD F. DENISON and JEAN-PIERRE POULLIER, *Why Growth Rates Differ: Postwar Experience in Nine Western Countries* (Washington, D.C., 1967), pp. 284, 305-306. Denison acknowledges other possible causes, such as the impact of planning on resource allocation, economies of scale, and greater competitive pressures than elsewhere; but in any case he gives high marks to state action. Similarly, the data of DELOU-

butes the consistently high rate of growth mainly to advances in technology and to enlightened management and production practices; these in turn resulted largely from two state-sponsored efforts: the Modernization Commission and the « largest and most varied [productivity programs] in Europe ». Perhaps the most authoritative French study of postwar growth stresses the dramatic leap forward in the rate of capital investment after 1946.[77] Aside from a bow in the direction of planning (for making investment less uncertain) and an acknowledgement of the temporary advantages of backwardness, the study contends that there were two causes for the shift in investment habits: the expansionist behavior of public enterprise and the buoyant demand derived from demographic changes. The most cogent American evaluation comes from the economist John Sheahan. « The policy that was tried and failed before the war was quite simply private control of markets without active competition ».[78] After the Second World War success came from state promotion of some industries, heightened competition for others, and the stimulation of excellent demand conditions. Postwar governments removed the obstacles to the « natural forces of growth » which Sheahan assumes are « inherent in any economic system ». He concludes:

> The basis of the transformation in postwar France was that important agencies of government... reversed alliances. They reached into the economy to side with particular business forces favourable to progress. In the first years they provided direct initiative through new management in some of the previously weak or particularly crucial basic industries. They stimulated private initiative through plans... They did not determine the growth rate, they merely improved it.[79]

The state's behavior in the 1950's can be accounted for largely by the conversion to technocracy and *dirigisme* of the *hauts fonction-*

VRIER and NATHAN (fasc. III, pp. 271-272) show that industrial production increased 60% between 1950 and 1957 while the work force grew only 5%. The annual gain in productivity during this period was double that of the United States and far above that of Britain and West Germany. Cf. COTTA, pp. 522-524.

77 COTTA, pp. 535-550.

78 P. 251.

79 Pp. 281-282.

naires in charge of economic affairs. The major economic reform of the liberation had not been inspired or even supported by a majority of the top officials.[80] It was the enlarged economic responsibilities of the state, however, which soon forced interventionism and a general change in outlook on the upper levels of the administration.[81] Defeat and occupation had provoked reflection on the reasons for national decline; then the contagious mood of reform during the liberation, new or reformed institutions for training civil servants, and the arrival of Keynesian theory also prompted the shift toward technocracy. It is also the pattern of change in French bureaucracy that innovation starts at the top where discretionary power is lodged.[82] Credit for the state's record must, however, be shared with certain politicians, especially on the Left and Center. It was the political parties and movements of the resistance that introduced the economic and educational reforms which in turn transformed the duties and training of the *hauts fonctionnaires*. Ministers like Edgar Faure and Mendès-France also actively promoted the technocrats' cause, while parliamentarians voted for massive investments and allowed public officials to proceed unhampered.

A new graduate school for public administration, the Ecole Nationale d'Administration (ENA) was founded and replaced the Ecole Libre as the antechamber to the high civil service.[83] Michel

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[80] BERNARD GOURNAY, *Un Groupe dirigeant de la société française: les grands fonctionnaires*, «Revue française de science politique», XIV (April 1964), p. 234. There were, of course, some enthusiasts like those around Sauvy and Gruson (see p. 35).

[81] GRUSON, pp. 42-47; ALAIN CHEVALIER, *Le Ministère des Finances*, «Revue économique», November 1962, pp. 934-935; MICHEL CROZIER, *The Bureaucratic Phenomenon* (Chicago, 1964), pp. 309-310. This shift in outlook was not the result of the administrative purge during the liberation; it had little or no effect on the Ministry of Finance and the technical ministries (PETER NOVICK, *The Resistance versus Vichy: The Purge of Collaborators in Liberated France* [New York, 1968], pp. 90-91).

[82] See MICHEL CROZIER (note 81) for this interpretation of the French bureaucratic model. In his latest book, *La Société bloquée* (1970), Crozier contends that only a complete transformation of the traditional administrative style, i.e., authoritarian, centralized, hierarchical, etc., will keep France abreast of the accelerated rate of change necessary to sustain an industrial society. Ultimately administrative reform in the authoritarian mode, no matter how modernizing in purpose, will fail because the French bureaucratic model is designed to resist directives from above. Crozier sees new agencies, like the Planning Commission, as potential sources for administrative renovation.

[83] For the ENA see: «J. O., débats de l'Assemblée consultative provisoire», June 22-23, 1945, pp. 1168-1182, 1186-1197; JEAN-FRANÇOIS KESLER, *Les anciens Élèves de l'École Nationale d'Administration*, «Revue française de science politique», XIV (April

Debré designed the new institution. It was to democratize and centralize recruitment, i.e., end co-option by the caste-like *grands corps*, and to breathe unity and dynamism into the entire administration. Preparation was to be less specialized and more widely functional. The ENA proved more effective in promoting intellectual rather than social change. In fact the Parisian *haute bourgeoisie* crowded into the ENA much as it had the Ecole Libre. In this instance there was a fundamental shift in an elite's orientation without a corresponding modification in its social base. At the very moment when officials were obliged to take on greater responsibilities for the economy, Keynesian principles found a more receptive audience. Although the ENA did not teach Keynes as such, his ideas strongly influenced the new pragmatic approach which was now preferred to doctrinaire liberalism. The ENA stressed economics in its curriculum, taught it through case study, and made it more mathematical. The new mentors were Sauvy, Armand, Gruson, Paul Delouvrier, Françis-Louis Closon, and above all, Bloch-Lainé. The enemy was Malthusianism; the way out was « flexible planning » and the *économie concertée* — a framework within which the state could make « constant adjustments... to assure maximum economic growth with social and financial stability ».[84]

The ENA was not able to transform the attitudes of the entire administration in the 1950's. Some of its graduates were assimilated to a more traditional viewpoint. But many *hauts fonctionnaires*, especially graduates of the ENA, polytechnicians (who had always displayed a Saint-Simonian bent), younger men, and those in the economic, financial, and technical ministries, saw the state in a new technocratic light — as « the carrier of progress ». The state was the agent of material and cultural uplift and when necessary might even tear the citizenry away from old habits. There were others, most evident in the judicial, diplomatic, and prefectoral corps, who

1964), pp. 243-267; Jean-François Kesler, *L'Influence de l'École Nationale d'Administration sur la rénovation de l'administration et ses limites*, « Tendances et volontés de la société française », ed. Jean-Daniel Reynaud (1966), pp. 257-267; Philippe Bauchard, *La Mystique du plan* (1963), pp. 67-97; Closon and Filippi, pp. 126-130; Thomas Bottomore, *La Mobilité sociale dans la haute administration française*, « Cahiers internationaux de sociologie », XIII (1952), pp. 167-178.

[84] Kesler, *Les anciens Élèves*, p. 249.

retained the prewar view of the state as the « impartial arbiter » which maintained harmony and order among competing interests ».[85] Nevertheless, ENA graduates soon populated the *grands corps*, and their preference for economic administration made the Ministry of Finance their stronghold.

The Inspection des Finances, the elite of the financial administration, abandoned classical economics to embrace a form of pragmatic or empirical *dirigisme*: the state intervened to liberate the economy for expansion whereas under the Third Republic the authorities had acted only to shelter it.[86] The post-1945 generation of inspectors was the first to assimilate Keynes fully, especially Keynes' emphasis on investments. They also accepted the primacy of economics over finances, that is they perceived budgetary problems as derivative of underemployment of manpower and productive capacity. The inspectorate asserted that only the state could insure large-scale, continuous, and productive investment; only it had the means to analyze *conjoncture*, make forecasts and harmonize development. The inspectorate remained attached to capitalism: the state was not to replace private initiative, only to correct it. But the archaic structure of French industry was to be demolished. Through tariff and fiscal reform the state could clear away the obstacles to competition, both internal and external, and assist the most profitable enterprises.

The new hero of this generation of inspectors was François Bloch-Lainé.[87] He was a prominent inspector himself, former director of the Treasury, and head of the principal state investment bank. Bloch-Lainé praised the Plan, the Economic and Social Council, and similar institutions for launching the « silent revolution » of the *économie concertée* It was in the interest of the business

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[85] GOURNAY, *Un Groupe*, pp. 229-231. This same division was discerned by HENRY EHRMANN, *French Bureaucracy and Organized Interests*, « Administrative Science Quarterly », V (March 1961), p. 548

[86] For the economic thought of the inspectorate see LALUMIÈRE, pp. 177-200. Lalumière has been questioned for basing his findings on too narrow a sample (GOURNAY, *Technocratie*, p. 882).

[87] Two of his more important works are: *A la Recherche d'une économie concertée* (1959) and *Pour une Réforme de l'entreprise* (1963).

community itself, he contended, to learn what the state knew and planned, and to advise it. An exchange of information would shape a « flexible plan » in which a « wide latitude of choice » would exist for those who implemented it. Relations between business and state would be both institutionalized and depoliticized. Bloch-Lainé endorsed a « pragmatic approach » which would end the sterile debate over liberalism and *dirigisme*.

The ultimate victory of the technocrats was the gradual conversion of the Ministry of Finance.[88] From this vantage point the technocrats could use the state's control of credit to coerce reluctant industrialists into making proper investment decisions. Under the Fourth Republic ministers at the Rue de Rivoli were usually political centrists, yet most of them, especially after Edgar Faure's attempt to *relancer* the economy following the Korean war, were unqualified expansionists. The civil service staff, beginning in the early 1950's began to acquire a new reputation as technocrats. Thus in 1952 when Premier Antoine Pinay attempted to reduce capital investments, officials of the finance ministry led the opposition which forced him to restore these appropriations. The Treasury initiated the change. Again practice preceded theory: the Treasury's enlarged responsibilites for handling the Plan's funds, for forecasting, and for investment and credit in general converted officials to *dirigisme* and the *économie concertée*. Rivalry from the Planning Commissariat and the secretariat for economic affairs also prodded the Treasury to give itself an equally modern allure. Ministry officials continued, however, to deny their full cooperation to the planners. Only with the preparation of the Fourth Plan during the Fifth Republic did they co-ordinate their day-to-day decisions with the Plan's long-term goals. Then Gaullist technocrats like Michel Debré adopted the Plan and it became the *grand affaire* of the regime. The

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[88] GRUSON, pp. 42-47; LECA, pp. 38-40; CLOSON and FILIPPI, pp. 33-34; CHEVALIER, pp. 934-935; SHONFIELD, pp. 129-130; COHEN, pp. 33-57; GOURNAY, *Un Groupe*, p. 242. One of the earliest reports on the conversion of the economic administration to economic growth and an empirical form of *dirigisme* was CHARLES BRINDILLAC, *Les hauts Fonctionnaires*, « Esprit », June 1953, pp. 862-876. « Charles Brindillac » was the pseudonym of OLIVIER CHEVRILLON, graduate of the ENA, member of the Conseil d'État, and later an active participant of the Club Jean Moulin. LANZA (p. 133) believes that by 1955, or at least by 1958, the entire economic administration had accepted the *économie concertée*.

planners did not hesitate to express their appreciation of this support.[89]

During the Fourth Republic, the cause of industrial modernization spread beyond the administrative elite. The « productivity drive » led by zealous technocrats like Gabriel Ardant (head of the Comité National de la Productivité) caught hold among businessmen who before the war rarely even knew the term itself.[90] Alfred Sauvy's campaign against Malthusianism took hold, especially with the Left. The prolific and popular economist-statistician Jean Fourastié presented empirical data to prove that a rising standard of living depended on advances in productivity.[91] Mendès-France and Ardant wrote a text on Keynes for the layman.[92].

This flourishing technocratic propaganda coincided with a shift in popular attitudes which gave industrialization a high priority.[93] Otherwise the technocrats would have been ineffectual — much like Tardieu earlier. For example, Maurice Lauré's book, *Revolution: Last Chance for France*, appealed to national pride during the Cold War: the United States and the Soviet Union, he argued, threatened French independence. He warned that by 1960 the Soviet standard of living would surpass that of France and then « our most effective protection against the economic expansion of communism will disappear ».[94] He therefore urged the French to commit themselves to

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89 ETIENNE HIRSCH, Monnet's successor as planning commissioner, applauded the end of this rivalry, « I must say that to a very great degree the success of the Plan has been due to the conversion of the Ministry of Finance, a conversion which is very profound... ». (*Colloque pour une planification démocratique*, « Les Cahiers de la république », No. 45 [June 1962], p. 465).

90 EHRMANN, *Business*, pp. 329-331.

91 In his book *Machinisme et bien-être* (1951), for example, FOURASTIÉ attacked those French intellectuals who were enemies of technology and he exposed the relative low standard of living in France. Also see note 13.

92 *La Science économique et l'action* (1954). GRUSON also wrote an early study of Keynes: *Esquisses d'un théorie de l'équilibre économique, refléxions sur la théorie générale de Lord Keynes* (1949). See ANDRÉ MARCHAL, *La Pensée économique en France depuis 1945* (1953) for a summary of the major tendencies in postwar French economic theory. Marchal notes the departure from classical liberalism, the absorption of Keynes, the emphasis on economic psychology and sociology, on economic structures, statistics, and econometrics, and the effort to connect theory with public policy.

93 JOHN ARDAGH writes: « After decades of living in the past, the French have suddenly become passionate about modernizing their country » (*The New French Revolution* [London, 1968], p. xii).

94 *Révolution: dernière chance de la France* (1954), p. 48.

efficient production and emphasized that the state should assume the « direction » for economic renovation, especially in the suppression of all forms of protectionism. The technocrats received support from other quarters. Sociologist Raymond Aron became one of the earliest and most influential spokesmen for the « industrial society », which would eliminate poverty and enlarge opportunity. In 1955 the Swiss writer Herbert Lüthy provided a damning critique of the *situations acquises* in his widely-read work, *France Against Herself.*[95] In the early 1950's the American scholars David Landes, Warren Baum, Henry Ehrmann, and others joined in exposing the « backwardness » of French business.[96] The breadth of the attack against old ways indicated that the technocrats had finally found a receptive audience.

The technocrats' success in popularizing their view alarmed some Frenchmen. The dark forebodings of intellectuals like Jacques Ellul were part of a growing literary technophobia.[97] Conservative social elements rallied to the Poujadists who displayed a strident, anti-technocratic rhetoric and scored major political successes in the mid-1950's.[98] Social scientists, among others, posed the question of who ruled, or at least, who was going to rule?[99] According to these apprehensive observers, the technocrats, identified as the

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95 The French translation from the German is: *A l'Heure de son clocher, essai sur la France* (1955).

96 The research for the BAUM (see note 67) and the EHRMANN (see note 33) studies was done in the early 1950's. For LANDES see his: *French Business and the Businessman: A Social and Cultural Analysis*, « Modern France: Problems of the Third and Fourth Republics », ed. Edward Mead Earle (Princeton, 1951), pp. 334-353.

97 ELLUL, *La Technique ou l'enjeu du siècle* (1954).

98 SEAN E. FITZGERALD, *The Anti-Modern Rhetoric of Le Mouvement Poujade*, « Review of Politics », XXXII (April 1970), pp. 167-190.

99 Perhaps the earliest scholarly attention given to the issue of technocracy was the symposium organized in 1948 under the direction of GEORGES GURVITCH and sponsored by the École Pratique des Hautes Études; the proceedings were published under the title *Industrialisation et technocratie* in 1949. This gathering of distinguished social scientists was prompted by concern over the expansion of the state's economic activities; over the effects of advancing technology, industry, and bureaucracy; and over the so-called « Burnham thesis » (JAMES BURNHAM, *The Managerial Revolution*, New York, 1941). Some later scholarly responses were: CENTRE DE SCIENCES POLITIQUES DE L'INSTITUT D'ÉTUDES JURIDIQUES DE NICE, *Politique et technique* (1958); JEAN MEYNAUD, *Technocratie et politique* (1960). MEYNAUD's book, *La Technocratie: mythe ou réalité* (1964), is the best volume on technocracy as a political issue.

administrative elite, challenged the parliamentary elite by seeking to transfer power to the most competent. The technocrats believed that the state was an affair to be managed, that class conflict would disappear through a combination of prosperity and social engineering, and that society's energies should be harnessed to creating abundance. In contrast politicians based their authority on the popular will rather than expertise and assumed that policy-making was a matter of conciliating competing interests and ideals rather than a scientific, and thus politically neutral, process. In an abstract sense the social scientists discerned the critical issue of social control which technocracy posed. Or as Karl Mannheim expressed it, « Who plans the planner? ».[100] Yet the historical record reveals rather few proponents of the ideal technocracy, especially on the Left. And even on the Right advocates like Bloch-Lainé insisted that major economic decisions were political in character and that experts could only help prepare the options more rationally. There is evidence, moreover, that technocrats were not confined to public administration but appeared among the political, business and labor elites as well. Instead of competing for power these like-minded leaders were drawn together in the cause of modernization.

It is not my contention that after the war the state consistently pursued rapid industrial growth. There were lapses and contradictions in its behavior. Yet on the whole state policy turned the corner with the reforms of the liberation era: until then primacy had been given to stability and protection, while afterward the overriding concern was growth and modernization. France by the 1950's had moved from a liberal to a directed economy, from a protectionist to an interventionist state, from the idyll of a balanced economy to the promise and problems of an industrial society. Criticism of the state's economic activities continued, but except for an uncompromising few, the critics sought a better performance from the state in its new role rather than its exit from the economic scene.

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[100] MANNHEIM, *Man and Society in an Age of Reconstruction* (New York, 1940), p. 75.