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**“A New Economic Order”:
Etienne Clémentel and French
Economic Diplomacy during the First World War**

Marc Trachtenberg

As the First World War drew suddenly to a close in the fall of 1918, it was clear in France that victory would not in itself solve all the nation's problems. The economic situation was particularly disturbing. The devastation in the North of France had been so enormous and the economic and financial side effects of the war so wide-ranging that the country would inevitably face a severe and complex problem of reconstruction. What kind of solution did the French government have in mind?

Traditional historiography had a simple answer: the government hoped that German reparations would solve the whole problem. But, in fact, during the war the French government had worked out an economic policy in which reparation played a very subordinate role. Instead, the government basically pinned its hopes on Allied “cooperation”—or, more precisely, on the continuation into the reconstruction period of the inter-Allied economic system that had gradually taken shape during the war. These plans for the regularization of the international economy were closely linked to plans for economic organization at home. In both cases the aim was to suppress the free market: coordination through state channels would replace competition as the fundamental principle of resource allocation.

The hope of creating a system of industrial organization and government economic controls was by no means limited to France. Historians have recently paid considerable attention to the whole question of economic restructuring, concentrating in particular on the demobilization period. For Charles Maier, author of the most

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important study of European stabilization in the post-World War I period, the drift to "corporatism" is the key to the politics of the continent of Europe in the 1920s. Other scholars have studied the question, focusing especially on Germany and the United States.¹

France, however, has been somewhat neglected. The older literature on the subject is clearly inadequate. The existing works on the consortium system—the industrial consortium was the principal institution of the system of industrial organization that had evolved during the war and which it was hoped could be preserved on a permanent basis—concentrate on formal, legal structure, whereas recent scholarship generally has come to concentrate on the more important political and social question of how the system actually worked.²

There is another reason why the French case is worthy of interest. The plans developed within the French government during the First World War are clearly related to some of the most important developments in France in the period after World War II: the emergence of national economic planning and European economic integration. The active role played by Jean Monnet in 1916-18 unmistakably points to a certain continuity in this regard.

Nevertheless, I do not propose to discuss in any detail here either the domestic side of the question or the connection with later developments. Insofar as the present discussion has any direct bearing on the analysis of attempts at *internal* restructuring, it lies principally in the demonstration that a given national experience cannot be studied in a vacuum—that the course of events on the national level was heavily influenced by developments on the international level. This conclusion, however, is but a by-product of the study. In essence, this study is international and specifically inter-Allied in

¹ Charles Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany and Italy in the Decade after World War I* (Princeton, 1975). See also the essays in Heinrich A. Winkler, ed., *Organisierter Kapitalismus: Voraussetzungen und Anfänge* (Göttingen, 1974). For Germany, see various studies by Gerald Feldman, especially his articles "Economic and Social Problems of the German Demobilization, 1918-19," *Journal of Modern History* XLVII:1 (March 1975), 1-23, and "Der deutsche organisierte Kapitalismus während der Kriegs- und Inflationsjahre 1914-1923," *Organisierter Kapitalismus*, pp. 150-71. For the United States, see Robert Cuff, *The War Industries Board: Business-Government Relations during World War I* (Baltimore, 1973) and Ellis Hawley, "Herbert Hoover, the Commerce Secretariat, and the Vision of an Associative State, 1921-1928," *Journal of American History* LXI:1 (June 1974), 116-40.

² See F. Bassetti, *Les Consortiums étudiés spécialement au point de vue de leur développement en France pendant la guerre* (Paris, 1919); Raymond Guilhon, *Les consortiums en France pendant la guerre* (Paris, 1924). For a recent study of one important sector of the French war economy, the armaments industry, see Gerd Hardach, "Französische Rüstungspolitik 1914-1918," *Organisierter Kapitalismus*, pp. 101-16.

focus and concentrates on the attempts of the French government to restructure the international economic system.

It was Etienne Clémentel, minister of commerce from 1915 to 1919, who played the leading role in formulating policy in this area. In the history of the Third Republic, Clémentel was not a political figure of the first order. A deputy since 1900 and a minister three times before the war, he never headed a government and does not seem to have personally had a large political following. He was not even able to keep his seat in the elections of November 1919, which in other respects represented a landslide victory for the government.

Nevertheless, in spite of his relatively weak political base, Clémentel was able to shape policy on postwar economic problems through 1918—largely because no one else in the government seemed much interested in these questions before the armistice.³ It was Clémentel who represented the French government in vital negotiations with the Allies on these postwar questions, and it was his policy in these matters that was presented to the Parliament in February 1918 as official government policy. More important, a lengthy exposition of his views on postwar economic problems was formally accepted by Prime Minister Georges Clemenceau in Sep-

³ Clemenceau and Louis Loucheur, his minister of armament in 1918, and in 1919 his principal advisor on economic matters, apparently were too preoccupied with the immediate struggle to give much attention to postwar economic problems before the armistice. Loucheur's predecessor in the armament ministry, the right wing socialist Albert Thomas, shared Clémentel's basic assumptions about the permanent desirability of an "organized" capitalist economy; see Hardach, "Französische Rüstungspolitik," pp. 109-10. There was a Bureau d'Etudes Economiques attached to the prime minister's office, but its importance is open to question. One of its members, the deputy and economist Adolphe Landry, even complained publicly in March 1918 that this body was being ignored by the government, *Journal officiel de la République française, Débats parlementaires, Chambre des Députés*, (March 15, 1918) p. 945. (Hereafter cited as *Chambre, Débats*.) It is important to note that these questions were evidently neglected by the Ministry of Finance. There is nothing in this ministry's archives nor in the papers of L. L. Klotz, Clemenceau's minister of finance, to indicate that this normally pre-eminent ministry was concerned with these problems at the time. Nor is there any reference to the attitude of the Ministry of Finance, or any correspondence with it on these issues in the pertinent files of the Ministry of Commerce and of the Foreign Ministry. Indeed, Klotz did not even attend the September 1918 meeting, at which Clémentel's views were adopted as government policy, even though financial questions figured prominently in the latter's plans. On the finance ministry's neglect of the question see also Klotz's brief colloquy in the Chamber with his former collaborator Charles de Lasteyrie. Klotz's silence, when Lasteyrie charged him with failing to prepare a policy on postwar questions, strikes me in the context of the colloquy as an implicit admission that this criticism was well founded (*Chambre, Débats*, February 9, 1921, p. 406). Finally, the evidence indicates that the Foreign Ministry played a very limited role in the formulation of policy in this area. It was not until April 1918 that the foreign minister, Pichon, expressed views on the subject, and even then he limited himself to seconding Clémentel's point of view. See French Foreign Ministry archives, Series "Paix," vols. 1217-19, 1276-77. (Hereafter cited as AE, Paix, 1217-19, 1276-77.)

tember 1918 as the official basis of postwar economic policy, and French policy after the armistice actually proceeded along these lines.⁴

Clémentel had something of an artist's temperament—as a young man he had studied to be a painter—and a taste for grandiose and imaginative ideas was the most striking characteristic of his policy. The program he elaborated derived from essentially theoretical notions regarding ideal economic structure; it was not developed primarily as a way of meeting specific economic problems, such as a projected postwar shortage of coal. Nor was it developed in response to political pressure. There was, for example, no strong business movement for a permanent "corporatist" restructuring of the economy. Here then was a program developed in relative isolation from larger political and economic forces by someone of limited political stature. The story of Clémentel's program is therefore a case study in the possibilities and limitations of essentially bureaucratic initiative for effecting policy at the most basic level.

What was it that Clémentel proposed to do? In his mind, "organization" was a magic word. An ordered economy based on cooperation rather than competition had to replace the "anarchy" of the free market. What he ultimately aspired to was a permanent, universal system where world resources would be pooled and allocated at fixed prices on the basis of "need." Germany, he and his associates contended, would eventually receive her fair share of these resources, if she restrained her ambitions and accepted the place offered her in the new economic and political order. For the period of transition right after the war, the system would be modified somewhat to favor France and Belgium. Because of the projected scarcity of raw materials, Germany at this time would be allocated less than the share to which she would normally be entitled. Times would then be hard for the Germans, but never was it proposed that their economy be crushed. Indeed, Clémentel and his collaborators repeatedly insisted that there would eventually be room for a reformed Germany to participate fully in the new system.⁵

⁴ This account of Clémentel's general policy is based on his parliamentary speeches, his book *La France et la politique économique interalliée* (Paris, 1931) and relevant material in the Ministry of Commerce archives, *fonds F*¹² at the AN in Paris, especially cartons F¹² 7798, 7988, 8039, 8104 and 8106. For a more extended discussion of the various points raised in this article, see the first chapter of my unpublished dissertation, "French Reparation Policy, 1918-1921" (Berkeley, 1974).

⁵ See Clémentel's remarks in the French Senate: *Journal officiel de la République française, Débats parlementaires, Sénat*, (February 7, 1918), p. 73 (Hereafter cited as *Sénat, Débats*.) For the views of his associates at the Ministry of Commerce, see Henri Hauser, *Germany's Commercial*

The important thing, however, was to moderate German ambitions and bring German industrial activity into harmony with the rest of the world economy. The Germans, seen as peculiarly industrious, efficient, and economically aggressive, were viewed with mixed feelings of fear and admiration. The best measure of this attitude toward Germany is that in the midst of the slaughter, Ministry of Commerce planners sought consciously to emulate German methods.⁶ Germany, it was commonly believed, had discovered the "secret of organization." This was held largely responsible for her impressive and dangerous commercial success before 1914. Artificial restraints were necessary lest Germany again threaten to overwhelm her neighbors economically and to reestablish her economic hegemony in Europe.

But how could such a system of controls be brought into being? Clémentel felt that the creation of an Allied economic bloc was of central importance in this regard. Wartime feelings of comradeship and solidarity provided an ideal environment for the formation of such a bloc, and once it came into being, the Allied organization would be the core of a larger international system. In fact, the notion of a permanent Allied economic union had been mooted about in the press since virtually the beginning of the war. Public discussion focused on the possibility of creating preferential tariffs among the Allied nations. Clémentel, on the other hand, stressed the importance of establishing an inter-Allied control of raw material: the Allied governments would directly ration out, at prices set by them, the vast supplies of raw material they controlled. Such an arrangement would be the key feature of the Allied-led economic bloc he hoped to see emerge in some form from the war. The control of raw material would be supplemented by other forms of cooperation—especially by preferential tariffs within the bloc and by accords on financial and currency questions—but in the final analysis these features were of secondary importance.⁷

Grip on the World (New York, 1918), pp. 182-83, and a July 1918 speech of Daniel Serruys to the Comité national d'études sociales et politiques, F¹² 7985, PF XI-8.

⁶ A remark by Blazeix, a high Ministry of Commerce official, typifies this attitude: "Pour permettre aux alliés de concurrencer une semblable organisation, il faut avoir des méthodes semblables à celles qui ont permis aux sociétés allemandes d'acquérir leur puissance considérable. "Entretien de M. Runciman et de M. Clémentel," (August 16, 1916), F¹² 7797. "In the economic battle that we must engage in after the war," Clémentel himself wrote in 1918, "we will defeat Pan-Germanism only by taking up some of the weapons used by Germany, above all, that of organisation," preface to Henri Hauser, *Les Régions économiques* (Paris, 1918), p. 3. See also the account of Hauser's lecture "L'adaptation à la France des méthodes économiques allemandes," *Journée industrielle* (February 7, 1919). Hauser was Clémentel's closest associate.

⁷ See F¹² 7798, 7988, 8039, 8104 and 8106, and AE, Guerre, 1216-1219, 1276-1277.

The creation of such a bloc, in Clémentel's mind, had both economic and political functions. By providing a steady supply of raw materials at fair prices and by helping to secure export markets by means of favorable tariff arrangements, the proposed system would help France overcome the severe postwar economic problems that she would otherwise face. The new structure, moreover, would provide a permanent basis for an orderly expansion of trade and defend against what were viewed as violent policies of commercial "aggression," such as the Germans were supposed to have practiced before the war. Allied economic power could also be mobilized for political ends. By threatening to cut off Germany's supply of vital raw materials, her ruling caste could be brought to renounce what Clémentel and his associates assumed to be its ambition to dominate the world. Moreover, they felt that removing conflicts over raw materials by instituting a system for the distribution of these commodities on the basis of "need" would in itself be an important step toward world peace.

The "organization" of French industry completed the Ministry of Commerce plan. Under the guidance of the state, firms within an industry would cooperate with one another, sharing technical knowledge, dividing markets, each perhaps specializing in the manufacture of particular products. Destructive competition would be avoided and price stability assured. More generally, in guiding the development of production the state would preserve economic balance, ensuring a measured and secure growth in output.⁸

Schemes to organize French industry and plans to organize world trade were thus both animated by the same spirit. Moreover, the two sides of Clémentel's policy complemented each other. Industrial organization at home, for example, was needed to provide the

For the public discussion of an Allied economic bloc, see the articles listed in Camille Bloch, *Bibliographie méthodique de l'histoire économique et sociale de la France pendant la guerre* (Paris, 1925), pp. 381-382, and Bernd Bonwetsch, *Kriegsallianz und Wirtschaftsinteressen: Russland in den Wirtschaftsplänen Englands und Frankreichs 1914-1917* (Düsseldorf, 1973).

⁸ An organ of the Ministry of Commerce, the Comité Consultatif des Arts et Manufactures, was charged by law in April 1917 with studying the problems of the postwar economy. The CCAM made many suggestions along these general lines; its records are preserved in the Ministry of Commerce archives, *fonds* F¹² at the AN, Paris, esp. cartons F¹² 7995, F¹² 8045-62, F¹² 8105. See also the May 1918 report of its president on the "organization of production after the war" in F¹² 8038, folder "Après-guerre, concessions minières," and the CCAM's *Rapport général sur l'industrie française* (Paris, 1919). For the view of Clémentel's close associate Henri Hauser, see Société d'Ingénieurs Civils, *Travaux préparatoires du Congrès du génie civil, session nationale, Mars 1918*, section VIII ("Organisation rationnelle du travail industriel"), pp. 3-11. Clémentel gave some indication of his own views on the subject of postwar industrial organization in his remarks to the Chamber during the debate on the consortiums: *Chambre, Débats*, June 28, 1918, pp. 1841-42.

means of distributing raw materials allocated to France by international bodies. It was only through such measures of centralization that needs could be determined and rations justified. And, in fact, during the war the two forms of organization developed together, reaching their fullest form in 1918.

Clémentel had begun much earlier to lay the basis for the implementation of his plans. At the end of 1915, soon after he became minister, he took the initiative in calling for an inter-Allied meeting to discuss the matter.⁹ This attempt was successful, and an Allied Economic Conference was convened in Paris in June 1916. There were delegations from Britain, France and Italy, Belgium and Portugal, Russia, Serbia, and Japan. (The United States had not yet entered the war.) Wartime measures were discussed, but the principal accomplishment of the conference was the adoption of a program of postwar economic collaboration.¹⁰

At the conference, Clémentel stressed the importance of instituting an inter-Allied control of raw materials. No raw materials under Allied control, he felt, should be released for sale to the rest of the world before the needs of all the Allied nations for that commodity had been met. If only the Allies would organize themselves in this way, he said, they could be the "masters of the future."¹¹ He therefore urged that each Ally prepare an inventory of its natural resources and raw materials—inventories which would be compared with requirements to determine which raw materials had to be produced in greater quantity: "We are at the beginning of a new economic era, one which permits the application of new methods founded on control, on collaboration, on everything that can introduce some order into the process of production. If the Allies know how to put these ideas into practice, they will have founded a new order of things which will mark one of the great turning points in the economic history of the world."¹²

The British delegation at the conference, led by the Colonial Secretary and Tory leader Andrew Bonar Law, seemed to support

⁹ See AE, Guerre, 1216.

¹⁰ This discussion of the Paris Economic Conference is based on the printed minutes, *Conférence économique des gouvernements alliés tenue à Paris les 14, 15, 16, et 17 juin 1916. Programme, procès-verbaux des séances et actes de la conférence* in F¹² 8104, and on pertinent Ministry of Commerce files, esp. F¹² 7988, folder "La Conférence économique de Paris. Les négociations." For the text of the resolutions adopted by the conference, see United States, Department of State, *Papers Relating to the Foreign Relations of the United States, 1916, Supplement*, pp. 975-977 (Hereafter cited as FRUS.)

¹¹ *Conférence économique*, p. 42.

¹² *Ibid.*, pp. 42-43.

Clémentel completely on this and other points; Italy and Russia were more reticent. For that reason, the resolutions of the Conference, which were not binding in any case, did not go as far as Clémentel would have liked. The control of raw material was accepted, but only for the period of economic restoration. Instead of actually setting up a system of preferential tariffs within the Allied bloc, the Paris program merely called upon each Ally not to waive its right to discriminate against Germany commercially—that is, Germany would not automatically be treated as a “most favored nation” for tariff purposes.

Limited though they were, the resolutions of the conference were still not taken too literally by many of the Allied leaders. The Paris program, with what appeared to some its call for an economic “war after the war,” seems, for example, to have repelled many people in Britain, and it is hard to know whether it meant anything more to the British government than a threat useful in possible peace negotiations with Germany.¹³ But to Clémentel and his associates, the Paris program was of great significance, for in it they saw the charter of the new economic order that they hoped to see emerge from the war.

Were these hopes inevitably doomed to disillusion? One decisive development in the last year of the war convinced Clémentel that there was a real possibility of putting his ideas into effect. Some inter-Allied economic bodies—the “Wheat Executive” is the best example—had been set up earlier in the war, but it was only from the end of 1917 on that a full-scale Allied economic organization, similar in scope and structure to the kind of organization to which he aspired, really began to take shape. It would no longer be a question of creating something vastly new to solve postwar problems but of simply extending and developing the system that already existed. This was precisely what Clémentel and other French officials had in mind when they spoke of Allied economic “cooperation”: postwar “cooperation” came to mean the continuation beyond the armistice of the wartime system of controls exercised by inter-Allied bodies.¹⁴

¹³ See Trachtenberg, “French Reparation Policy,” pp. 13-18.

¹⁴ This discussion of the inter-Allied economic machinery is based mainly on the following sources: J. Arthur Salter, *Allied Shipping Control: An Experiment in International Administration* (Oxford, 1921); Salter, *Slave of the Lamp: A Public Servant's Notebook* (London, 1967), esp. p. 80ff; Daniel Serruys, “La structure économique de la coalition,” *Revue de Paris*, XXV (July 15,

To a large degree, the new system grew out of the specific economic and military situation of 1917. By the middle of the year the Allied governments had become painfully aware of the inadequacy of existing systems of supply. The submarine war was cutting deeply into the normal amount of available shipping, while the need to transport the American army—especially urgent after the collapse of Russia—created large new demands for tonnage. It was no longer possible to allocate ships and supplies in response to the urgent pleadings of prime ministers. A more rational procedure had to be substituted for what was called the “system of competitive panics.”

The emergence of the inter-Allied regime was, however, more than just an *ad hoc* response to the pressing needs of the moment. Clémentel played a leading role in the gradual shaping of the new system. He was consciously seeking to put into effect the kind of policy he had outlined at the Paris Economic Conference a year earlier.¹⁵ In August 1917 he went to London to win the British over to his ideas. The system he hoped to see take shape during the war, he explained, would be retained to solve the economic problems of the postwar period. A permanent inter-Allied system for the control of world supplies of raw material would be “the practical way of preventing wars in the future.” The British received these ideas sympathetically, but they held back from a full and formal acceptance of the French point of view during these discussions and during new talks with Clémentel in October.¹⁶

Clémentel wanted a system whereby Allied resources would be pooled and allocated by inter-Allied bodies in accordance with need.¹⁷ Because of the scarcity of tonnage, a joint control of ship-

1918), 326-345; FRUS 1917, Supplement 2, I, 334-445 and 516-666; FRUS 1918, Supplement 1, I, 498-617; Edwin Gay Papers, Hoover Institution, Stanford, California; R. H. Tawney, “The Abolition of Economic Controls, 1918-1921,” *Economic History Review*, XIII: 1-2 (1943), 1-30.

¹⁵ The idea that the system was to a considerable degree deliberately shaped contradicts certain accepted views on the subject. Tawney, for example, wrote that the system of wartime controls—both the British system and the inter-Allied regime—was “only to a small extent the result of design.” Clémentel, however, insisted that he had been consciously seeking to bring about a system for the pooling of Allied resources during the war—a policy, he said, that was rooted in the principles of the Paris Economic Conference (Clémentel, *La France*, pp. 150, 158, 166). The archival evidence bears out these claims. See in particular Fleuriau’s despatches of September 3 and 5, 1917. F¹² 7797, dossier “Mission de M. Clémentel à Londres, 15-27 août 1917”; Cambon to Ribot, September 3, 1917, AE, Paix, 218; and Clémentel’s reports of August 5 and 27, 1917, AE, Guerre, 1276.

¹⁶ Cambon to Ribot, September, 3, 1917, AE, Paix, 218; Clémentel reports of August 5 and 27, 1917, AE, Guerre, 1276; Clémentel to Painlevé, October 18, 1917, AE, Guerre, 1277; Clémentel, *La France*, pp. 150-95.

¹⁷ Clémentel, *La France*, pp. 158, 166, 194. For a contemporary source, see, for example,

ping was the key to the establishment of a common import program. Anglo-French negotiations therefore focused on this point. But before the British committed themselves wholeheartedly, even for the duration of the war, to a full-fledged inter-Allied system, they wanted to bring the Americans into the negotiations.¹⁸

American support for wartime measures came more quickly than anyone had anticipated. A high-level American delegation headed by President Wilson's close advisor Colonel Edward House came to Paris in December 1917 to take part in an important Allied conference. Jean Monnet, Clémentel's representative in London, with the help of J. Arthur Salter, the British director of ship requisitioning, worked out in detail a plan for inter-Allied economic cooperation, which was accepted by the Americans and adopted at the conference.¹⁹

In accordance with this plan a number of inter-Allied committees, called "programme committees" or "executives," were soon created to set import programs for particular classes of commodities. The members of these committees were specialists from corresponding branches of each national administration—food, shipping, etc.—so that committee decisions automatically became the policy of each national government. The supply programs elaborated by the programme committees were submitted to the body that allocated shipping space, the Allied Maritime Transport Council (AMTC). Since there was not enough tonnage to carry out the full supply programs, the AMTC had to decide which programs to cut or postpone. In so doing, it set the aggregate supply program of the European Allies. Once this program was set, the War Purchase and Finance Council automatically took care of the financial side of the transaction: American credits were extended to cover these purchases.

The new system bore a striking resemblance to the scheme Clémentel had long sought to bring into being, and the emergence of the inter-Allied economic regime and the attitude of the Allied officials connected with it clearly encouraged him. He was optimistic in early 1918 that the postwar economic system would grow naturally and easily out of the wartime organization—the essential fea-

Fleuriau to the Prime Minister, September 3, 1917, F¹²7797, dossier "Mission de M. Clémentel à Londres, 15-27 août 1917."

¹⁸ See Clémentel, *La France*, pp. 150-95, and in general AE, Guerre 1276-77.

¹⁹ Salter, *Slave of the Lamp*, esp. pp. 80ff; Jean-Baptiste Duroselle, "Strategic and Economic Relations During the First World War," p. 60 and n. 61, p. 69 in Neville Waites, ed., *Troubled Neighbours: Franco-British Relations in the Twentieth Century* (London, 1971).

tures of the system that had proved its value during the war would be retained to solve the problems of peace.²⁰

This applied not just to the international regime, but also to the system that had taken shape within France for the control of the national economic effort. In 1918, to a large degree as a result of pressure from Britain and the United States, much of French industry was organized into "consortiums." Each consortium purchased and allocated supplies of a particular group of raw materials. The consortiums were supervised by the government—most of them by the Ministry of Commerce, although the Ministry of Armement, responsible for the sector of the economy most directly related to military needs, controlled some of them—and it was the consortium system that, in theory at least, enabled the state to control imports, regulate many prices, and thereby direct the industrial effort.²¹

The consortiums came into being at about the same time as the inter-Allied system, and the link between the two is unmistakable. The inter-Allied bodies had to know what specific supplies were required and had to be able to satisfy themselves that the contingents assigned would be distributed efficiently and used for proper purposes. Only a state-controlled system of industrial organization could fulfill these conditions. On the other hand, an inter-Allied system was the necessary connective tissue tying the various national systems together. The logic of the situation was quite clear: the suppression of the free market on the international level implied its suppression on the national level as well and *vice versa*; with the market suppressed, the demand for rationalization and aversion to an *ad hoc*, arbitrary regime led to the gradual emergence of an increasingly complete system of planning on the national and on the international levels.

Clémentel hoped that the organization of French industry in one form or another would outlive the war, and it seems that the government as a whole by the end of 1918 had come to share this aspiration. Clemenceau's letter of November 27 outlining the functions of the new Ministry of Industrial Reconstitution actually foresaw a kind of state economic planning.²² But it was this new ministry, an outgrowth of the wartime Ministry of Armement, and not the Ministry of Com-

²⁰ See for example, Chambre, *Débats*, June 28, 1918, pp. 1841-42; Sénat, *Débats*, February 7, 1918, pp. 70-73.

²¹ This account of the consortium system is based primarily on a series of critical articles published by the economist Léon Polier in *L'Europe nouvelle* (issues of May 4, 8, and 25, July 6 and December 14, 1918), and on Clémentel's reply to this criticism in Chambre, *Débats*, June 28, 1918, pp. 1833-44, 1849-51.

²² *Journal officiel*, November 27, 1918, p. 10232.

merce, that was to play the leading role in directing the economy—a development that clearly indicates just how much Clémentel's position had been eroded in the course of 1918. He had, in fact, overplayed his hand, only half concealing his hope that the consortium regime could be perpetuated in one form or another. Business interests, whose concerns were reflected in the *Journée industrielle*, and others, like the influential economist Léon Polier, had no trouble grasping Clémentel's real intent, and throughout 1918 and into 1919 a lively campaign against the commerce minister's policy was conducted in the press and in Parliament.²³

As far as Clémentel could see in 1918, there was only one way of overcoming this opposition: if the inter-Allied system could be maintained, then a system of economic centralization in France would also have to be preserved. The consortiums or their equivalent would still be necessary to determine needs, distribute commodities received through the inter-Allied bodies, and assure that these imports were used effectively and for proper purposes. The retention of the inter-Allied economic system was thus of central importance, valuable not only in itself, but also as a means of perpetuating the system of state control and industrial organization within France.

The inter-Allied regime could be continued beyond the war's end only if the British and American governments consented to its continuation; yet, unlike France, Great Britain and the United States had little or no direct material interest in the retention of the system. Was there any reason, therefore, to suppose that the major Allies would go along with these French ideas? To Clémentel, the chance seemed excellent that they would readily "cooperate." In reality the attitudes of both governments were more complex than he knew.

The British were deeply divided on the question of postwar economic policy, and so British policy constantly vacillated and remained unclear to the end. In practice, the British attitude came to be a function of American policy: the British would "cooperate" if, and only if, the Americans cooperated.²⁴

Everything, in fact, turned on the attitude of the American government. The Americans had at first strongly opposed the Paris

²³ *Journée industrielle*, April 16, June 21, August 6, 1918; January 10, 17-24, 1919; Polier, *L'Europe nouvelle* (May 4, 8 and 25, July 6 and December 14, 1918).

²⁴ On British policy, see Trachtenberg, "French Reparation Policy," pp. 13-19. There is also some material in V. H. Rothwell, *British War Aims and Peace Diplomacy, 1914-1918* (Oxford, 1971). The best account is in Robert Bunselmeyer's unpublished dissertation, "The Cost of War: British Plans for Postwar Economic Treatment of Germany, 1914-1918" (Yale University, 1969).

resolutions. Secretary of State Lansing, for example, condemned them in a letter to Wilson in late June 1916, principally because he feared that the program would injure American trade.²⁵ But after entering the war, the American attitude appeared to change. President Wilson's vision of a "steadfast concert for peace" developed into plans for a League of Nations. Clémentel saw in this his chance to win the American government over to his ideas. In letters to President Wilson in late 1917, he set out his views linking the League with the "economic weapon" that would be created by instituting a permanent control of raw materials.²⁶

Clémentel was encouraged by what appeared to be the American response. Colonel House, Wilson's closest adviser, was particularly sympathetic to the French point of view. He supported the idea of legislation that would lay the basis for a postwar control of raw materials and suggested in January 1918 that France and Britain pass similar legislation.²⁷ Wilson himself, in a December 1917 speech, alluded to the possibility of postwar restraints on trade with Germany—Clémentel frequently cited this as proof that American policy was evolving in a favorable direction.²⁸ In fact, when Wilson laid down some basic principles for a restructuring of international affairs in his Fourteen Points speech in January 1918, he was careful to leave the door open to postwar economic discrimination against those nations not fully committed to the peace. His third point called for "the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions" but only "among all the nations consenting to the peace and associating themselves for its maintenance."²⁹

²⁵ FRUS, the Lansing Papers, I, 311-12.

²⁶ Extracts from an October 6 letter to Wilson are quoted in Clémentel, *La France*, pp. 220-21. On November 22 Clémentel reiterated the point in another letter to Wilson, F¹² 7988, folder "Question des matières premières".

²⁷ Charles Seymour, *The Intimate Papers of Colonel House*, 4 vols. (Boston and New York, 1928), entry of January 27, 1918, III, 366-67; see also Seymour, III, 268, and on Wilson's intentions in this regard, Wiseman to Reading, August 16, 1918, in Seymour, IV, 62-63. For the French account of these contacts, see Tardieu to Clémentel, January 25 and 27, 1918, AE, Guerre, 1217.

²⁸ In a speech to the Congress on December 4, Wilson declared that if Germany after the war continued "to live under ambitious and intriguing masters interested to disturb the peace of the world," she might be excluded from "free economic intercourse" with the nations who had come together to secure world peace, Woodrow Wilson, *War and Peace*, R. S. Baker and W. E. Dodd, eds., 2 vols. (New York, 1927), I, 133. Clémentel frequently alluded to this speech; see, for example, Sénat, *Débats*, February 7, 1918, pp. 71-72, and Chambre, *Débats*, June 28, 1918, p. 1841.

²⁹ In October 1918, House's official commentary on this point stressed that it only applied among League members and noted in particular that "this clause naturally contemplates fair

Thus in early 1918 Clémentel was optimistic about the possibility of putting his plans into effect. The time had come to outline these ideas in public. In articles and speeches, the most important of which was his speech to the Senate in February, Clémentel and his associates sought to inspire confidence that postwar economic problems would be readily resolved.³⁰ Indeed they stressed that in the Allied economic machinery that had recently come into being, the solution was already at hand. That the wartime regime would be carried over into the period of reconstruction was taken for granted; the more interesting question was whether a permanent economic organization could be instituted.

It was a bold plan for a sweeping and permanent reorganization of the world economy that was now revealed to the French people, but the public reaction was surprisingly tepid. Clémentel's remarks to the Senate were for the most part ignored by the press. The moderate leftwing journal *L'Europe nouvelle*, just about the only important organ to stress the significance of Clémentel's remarks in the Senate, condemned in an editorial "la tacite et unanime entente de la presse française pour n'en point parler, ou presque." What comment there was, was generally favorable. *L'Europe nouvelle* fully endorsed Clémentel's views.³¹ A number of newspaper articles also supported the concept of an Allied economic association, often linked to the idea of the League of Nations.³²

While Clémentel on the whole failed to excite the public imagination, he could console himself with the thought that his policy had not met with any sharp resistance either. With no strong opposition to contend with, he felt he could press on, and in mid-1918 the Ministry of Commerce began to elaborate detailed plans for a new postwar economic order. Clémentel's close associate Henri Hauser, the eminent historian of early modern Europe, played a leading role in this. His memoranda served as the foundation for Clémentel's

and equitable understanding as to the distribution of raw materials," Seymour, *The Intimate Papers*, IV, 193-94.

³⁰ Sénat, *Débats*, February 7, 1918, pp. 70-73; Daniel Serruys, "La Structure économique de la coalition," *Revue de Paris*, XXV (July 15, 1918), 326-45; Serruys' speech to the Comité national d'études sociales et politiques, July 1918, F¹² 7985, PF XI-8; Henri Hauser, "De Naumann à Kühlmann, Mitteleuropa et la clause de la nation la plus favorisée," *Action nationale* (1918). On Serruys, one of the most important permanent officials in the commerce ministry, see Jean Serruys, *De Colbert au Marché Commun* (Paris, 1970), p. 278ff.

³¹ Polier, *L'Europe nouvelle*, I (February 16, 1918), 276-77.

³² For example, Pertinax articles, *L'Echo de Paris*, May 19 and 28, 1918; C. Bouglé, *L'Evènement*, June 23, 1918; G. Doumergue, *Le Petit Parisien*, July 13, 1918. See also the clippings in AE, Guerre, 1217-19.

important letter of September 19, 1918, the clearest and most complete expression of Clémentel's policy on these matters. Indeed, it seems clear that Hauser drafted this document.³³

The September 19 letter was accepted by Clemenceau about a week later as the basis of French policy. It thus epitomizes French economic policy on the eve of the armistice and therefore merits careful examination. The letter echoed all the characteristic themes of Clémentel's policy. Allied "cooperation" would see France through the period of reconstruction, but a permanent economic bloc and not just a temporary continuation of the wartime regime was needed. The aim was not to crush Germany, but rather to provide a framework for the ultimate reintegration of Germany into the international economic system. The system itself would restrain German ambitions—both political and economic—up to the point where they no longer posed a threat to other nations.³⁴ German power could be counterbalanced and contained only by Allied power; a permanent economic organization was needed if Allied power was to be a reality. This was particularly true in mid-1918: after the peace settlements that the Germans had imposed in the East earlier in the year, their dream of a powerful Central European economic bloc seemed well on the way to becoming a reality. Clémentel's analysis thus focused on the specter of a German-led *Mittleuropa*, now (after the Treaty of Brest-Litovsk) extended to include Russia. "It is banal to repeat," Hauser wrote in one of the

³³ In response to a July 1918 request from Clémentel, Hauser drafted a memorandum entitled "Principales questions d'ordre économique dont le ministère de Commerce aura à se préoccuper lors de la conclusion du Traité de Paix," F¹² 8106. Earlier he had written a "Note sur l'Union économique de l'Europe occidentale," F¹² 7985, PF XIV-10, and sometime in mid-1918 he drafted a third memorandum, "Esquisse d'une politique économique de l'Europe occidentale" (unsigned copy in F¹² 7985, PF XIV-9; the original, in Hauser's handwriting, is in F¹² 8106). Judging from the reiteration of ideas and the reappearance of phrases from these memoranda in the September 19 letter, as well as the existence of notes for this letter in Hauser's handwriting (F¹² 8106), it seems evident that it was Hauser who drafted this important document. The text of the September 19 letter and minutes of the meeting at which it was adopted as government policy are in F¹² 8104, folder "Propositions des ministères." The letter is also printed in Clémentel, pp. 337-48. In this printed version, the letter is addressed to Wilson as well as to Clemenceau, but this is hardly credible. The letter alludes to the Paris resolutions, but in the meeting that adopted the program outlined in the letter as government policy, it was agreed that in dealing with the Americans no reference would be made to the Paris program. Moreover, Clemenceau declared at this meeting, "qu'il est nécessaire de préparer très fortement les négociations avec le gouvernement américain et le Président Wilson, en se gardant, dans ces préparations, de la remise d'un document quelconque. . . ." Otherwise, the printed version is an exact reproduction of the draft preserved in the archives.

³⁴ "It is through the economic organization of the world," Clémentel wrote, "that we will prevent the return of Prussian militarism." Later he alluded to the "rational and systematic utilization of the raw materials weapon as a means of making German industry collaborate peacefully with the other nations." Clémentel, *La France*, pp. 343, 348.

preliminary memoranda, that the Bolshevik government "is economically in the hands of the Germans." But no Russian government, he argued, could pull the country out of the German economic orbit. Close economic relations between Germany and Russia, he believed, corresponded to a "permanent necessity," and there was little the French could do about it.³⁵ The September 19 letter itself took a slightly less pessimistic line. "Of course," Clémentel wrote, "France must not abandon all hope of reconquering the Russian market. With her allies she is already doing her best to accomplish this. But it will be a long and difficult task."³⁶

In order to avoid being overwhelmed by the now enlarged *Mitteleuropa*, Clémentel urged in the letter that an Allied economic union be formed. This would then be the core of an "economic union of free peoples."³⁷ An inter-Allied control of raw materials would be the heart of this new economic bloc. There would also be a system of preferential tariffs within the bloc; a return to the old system of commercial equality was still anathema to the Ministry of Commerce officials.

To gain a free hand with which to build the new tariff system, Clémentel continued, the French government had denounced all its old commercial treaties. But it was necessary to act swiftly in laying the foundations of the new system lest France find herself isolated. The British were planning a system of Imperial Preference—that is, of preferential tariffs within the Empire; there was even talk of an Anglo-American commercial entente. It would be deplorable if France were to be admitted to such a British or Anglo-Saxon bloc only as a second-class member.³⁸ But in the economic union Clémentel and Hauser envisaged, France would play a leading role. It was therefore urgent that the Allies be brought to accept Clémentel's plans while the memory of France's extraordinary war effort and disproportionate suffering was still fresh in their minds.³⁹

³⁵ Hauser, "Esquisse" (see n. 33), pp. 5-6.

³⁶ Clémentel, *La France*, p. 338.

³⁷ *Ibid.*, p. 341.

³⁸ *Ibid.*, pp. 338, 344-45. Hauser had also referred to the danger of French isolation. If no economic union were formed on the lines he suggested, France would be exposed, he said, "soit à consentir à un rapprochement forcé avec l'Allemagne, soit à être reçue, mais par grâce et comme un associé de deuxième rang, dans un consortium anglo-saxon." Hauser, "Esquisse," (see n. 33).

³⁹ A certain preoccupation with prestige was in fact a striking feature of official French thought on these questions: "assistance" was demeaning, Anglo-American tutelage was a real danger, and only a scheme of "cooperation," based on equality, was consistent with French honor and dignity. See, for example, Clémentel's report of August 5, 1917, AE, Guerre, 1276, and Fleuriau to Pichon, March 6, 1918, AE Guerre, 1218.

Clémentel's concept of an "economic union of free peoples" could easily be tied to the idea of a League of Nations, and in his letter of September 19 he stressed this connection. This was of more than purely theoretical significance. The American commitment to the League, Clémentel felt, would lead the United States to support his plans. For this reason, he felt confident that the Americans could be brought to accept the French point of view. President Wilson, he wrote, had opposed the specter of a permanent economic bloc raised by the Paris resolutions, but was now "bit by bit coming around to the points of view set out by us in June 1916." As proof of this, he again cited Wilson's December 1917 speech.⁴⁰

It was out of the question, the letter continued, that the American government would accept the Paris resolutions. The Americans, however, would support the essential features of the French program if it were put in terms of Wilson's own ideals. "With the magnificent ideal, which is his, inspiring us, and making this ideal a defense against the possible return of certain forms of national selfishness, the time has come to invite the American government to examine, in concert with us and our principal allies, the means of dealing with a new situation." Clémentel therefore concluded his letter with a call for an Allied conference "to reach an agreement on the basis of the principles already accepted by France, England, and Belgium in 1916, but extended and adapted to the present situation."⁴¹

A meeting was held on September 28 to discuss the project. Clemenceau and Clémentel were joined by the foreign minister, Stephen Pichon, and by André Tardieu, the brilliant commissioner-general for Franco-American Affairs. Everyone agreed that the suggestions outlined in the September 19 letter should be accepted as the basis of French policy. Clemenceau in particular "declared that the document M. Clémentel had sent him was of the greatest interest and that he judged it proper, as soon as events permitted, to begin to discuss with our allies a preliminary accord along the lines suggested by the minister of commerce."⁴²

The American attitude, they agreed, would be decisive. In negotiating with the United States, extreme caution was necessary. Tardieu emphasized that no mention must be made to President Wilson and his government of the Paris resolutions. Instead, he said,

⁴⁰ Clémentel, *La France*, pp. 338-39.

⁴¹ *Ibid.*, pp. 339, 347.

⁴² Notes of this meeting are in F¹² 8104, folder "Propositions des ministères."

Clémentel's proposals should be placed "under the aegis of President Wilson's principles." In this way, he believed "it would be possible to win the support of the American government." Clemenceau then asked Tardieu, who would be in America shortly, to discuss these proposals with Wilson, House and Lansing "in such a way as to obtain their preliminary adherence to all the points if possible, or at least to certain of them, and their opinion on those which they did not find acceptable."⁴³

Allied cooperation was thus the essential aim—the heart of the French plan for reconstruction and economic resurgence. Reparation from Germany, on the other hand, was to play only a subordinate role. The claim for reparation could be used to force Germany to deliver needed supplies of raw material, especially coal. Beyond that, a nominal demand for vast payments was the instrument by which vague "concessions" could be extracted from Germany, and by which recalcitrant allies might be induced to favor the idea of a "world fund" to finance the rebuilding of the devastated areas. But it was not supposed that Germany in fact could or should be made to pay enormous reparations.

"In strict justice," Clémentel wrote in the September 19 letter, it was Germany who should pay for the rebuilding of the devastated areas. "To this elementary truism" was contrasted the "material impossibility for Germany to rebuild so many ruins." Furthermore, the minister of commerce noted, it was argued that to hold Germany financially liable for all war damages "would completely crush her and reduce her to a state of economic bondage which would strip away from humanity all hope of a lasting peace. Thus was born the idea of a kind of world fund for the reparation of war damages, a fund which would be one of the first organs of the League of Nations."⁴⁴

Clémentel was therefore not eager to have Germany pay enormous sums in reparation, and Hauser, in fact, explicitly argued that large reparation payments would be detrimental to France. Large money payments, he wrote on December 28, 1918, were undesirable.⁴⁵ Such payment would cause in France "an enormous monetary inflation, a disorderly rise in prices," and would in no way satisfy French industrial needs. "By virtue of their size," he wrote, these

⁴³ *Ibid.*

⁴⁴ Clémentel, *La France*, pp. 341, 342.

⁴⁵ F¹² 7985, PF VIII-19b.

money payments "would transform France into a country rich in mere cash, a buyer of products and incapable of working, like Spain in the sixteenth century"—a striking illustration of the "relevance" of historical study. Furthermore, to force Germany to pay in this way would cause a decline in the exchange rate of the mark. For those German industries that did not have to import raw materials, this fall would be "an incentive to exportation against which no customs duty can defend us."

How then could Germany pay? German property in Alsace-Lorraine and in the rest of France could be liquidated; German assets in neutral countries could be turned over; even title to certain enterprises within Germany, such as the Saar coal mines, could be transferred; Germany could pay in kind, principally by furnishing raw materials like coal. There was no reason why Germany could not deliver finished goods "during the period of reconstruction," Hauser thought, but only during this period, lest "our own industries" be deprived of any business.

Should the product of certain German taxes be turned over to France? The money could be used to purchase German goods that could then be imported into France. Hauser was, however, remarkably hostile to this idea, "an inadmissible interference by us in the fiscal life, and consequently in the political life of Germany." Customs duties, however, and especially export duties, were acceptable. Export duties would help defend France against an invasion of German merchandise resulting from a decline in the German exchange rate. It would also compensate France for a detrimental revival of German foreign trade: the faster German exports expanded, the faster the debt could be paid. Customs receipts could be collected in foreign currency, but what could be done with the proceeds of internal taxes? Hauser believed that any marks acquired by the French should be applied only to the purchase of raw materials: "Let us not, under the pretext of getting Germany to pay, ruin our own manufacturing industries."

To Clémentel as well, the protection of French industry against an "invasion" of German goods was of paramount importance. He wanted raw materials from Germany, not finished goods. It seems likely, therefore, that it was in large part on the basis of this kind of reasoning that he was attracted to the idea of a limited German liability supplemented by a world reparation fund. In his September 19 letter, he, in fact, endorsed this kind of scheme. He felt, however, that it would be foolish for France to propose it. At the peace

conference, the French delegation should instead insist that Germany be presented with the whole bill. Then privately, among allies, the question of alternative ways of doing what Germany was unable to do could be discussed, "but it would be naive and dangerous" to let this become known to the Germans.⁴⁶

Clémentel, of course, believed that there was a certain amount Germany could and should pay, and he indicated in his letter the same kinds of payment that Hauser was to outline in his note of December 28: the transfer of foreign assets supplemented by reparation in kind. The amount Germany could pay in these ways would nevertheless fall far short of the full reparation bill. Recognizing this, he said the Allies would revive the idea of a world fund for the reparation of war damages—but it would now be put forward as a concession to Germany, "a concession which could be paid for with equivalent concessions."⁴⁷ (Neither Clémentel's letter, nor the related passages in Hauser's memoranda give any indication of the kind of concession that Germany was expected to make in this way). The entire September 19 letter was adopted as government policy, and these views on reparation and financial questions should therefore be considered as representing the official French point of view. French policy at the peace conference did in fact proceed along these lines.

Clémentel was apparently convinced that the Allies would cooperate with this policy of substituting a world fund tied to the League for an exclusively German reparation liability. "Our new ally, the United States," he wrote in the September 19 letter, "will certainly come around to this way of thinking and will agree that the complete reconstruction of the North of France and of Belgium is in essence everyone's business, the primordial task of the economic league of free peoples."⁴⁸

Alas, Clémentel's whole policy was based on a grave misconception. The Americans were reluctant to cooperate, either financially or economically. Those who idealized "cooperation" misunderstood what American policy had been during the war. Although eager to see the Europeans coordinate their economic programs (thereby limiting the strain on the American economy and on American financial resources), the United States consistently remained some-

⁴⁶ Clémentel, *La France*, p. 342.

⁴⁷ *Ibid.*, p. 343.

⁴⁸ *Ibid.*

what aloof and never really accepted the ideal of "equality of sacrifice." The Americans approved of the inter-Allied economic machinery because it enabled them to verify that the Europeans, whom they distrusted, were already doing all that could be expected and that such assistance as was granted was really needed in the war effort and would not be used for other purposes.⁴⁹

Tardieu, the French high commissioner in the United States, had sensed this American attitude. Since the beginning of 1918 Clémentel, eventually with the support of Foreign Minister Pichon, had been trying to get him to press energetically for an American commitment on postwar cooperation. But Tardieu did not want to rush things ("je ne veux pas brusquer") and insisted on the "need for a certain prudence" in these negotiations.⁵⁰ And by the end of September, Wilson had come out publicly against any "special, selfish economic combinations within the League" and opposed "any form of economic boycott or exclusion," except insofar as the League might impose economic penalties "as a means of discipline and control." War, he said, was to a large degree rooted in "economic rivalries and hostilities," and "it would be an insincere as well as an insecure peace that did not exclude them in definite and binding terms."⁵¹

The thrust and tone of American policy could no longer be ignored. The Americans wanted a return to the prewar regime of free markets and commercial equality. On the immediate question of the inter-Allied economic regime, the United States government, on the eve of the armistice finally made its policy clear. After conferring with the president, Herbert Hoover, United States food administrator and Wilson's chief economic advisor at this time, cabled his representative in London that the American government "will not agree to any programme that even looks like inter-Allied control of our economic resources after peace."⁵²

⁴⁹ The published American documents show how the War Purchase and Finance Council evolved out of an American desire to limit and coordinate European requests for assistance (FRUS 1917, Supplement 2, I, 546-576). Secretary of the Treasury McAdoo explicitly noted that the work of this inter-Allied council was "of such vital importance and of such urgent necessity in order to relieve the Treasury of some of the stupendous and unbearable demands now being made upon it. . . ." McAdoo to Wilson, January 14, 1918, U.S. Senate, Special Committee Investigating the Munitions Industry, 74th Congress, Second Session, Part 32, Exhibit 4019 (hereafter cited as Munitions Committee). For further evidence, see Munitions Committee, Part 29, Exhibits 2994, 2997, and 2998.

⁵⁰ Clémentel to Tardieu, January 23, 1918, and Tardieu to Clémentel, January 25, 1918, AE, Guerre, 1217; Tardieu to Pichon, March 7, 1918, AE, Guerre, 1218.

⁵¹ Wilson, *War and Peace*, pp. 257-58.

⁵² Hoover to Wilson, November 7, 1918, and Hoover to Cotton, November 7, 1918,

The American refusal to contemplate the continuation of the inter-Allied economic system was something that the French government in general, and Clémentel in particular, could not readily accept. All of Clémentel's plans had been built on the assumption of American support. The French government, which had endorsed these plans, therefore did all it could to induce the Americans to reconsider their position and accept some kind of continued cooperation for the period of reconstruction at least.

It is in this light that the economic policy pursued by the French delegation at the peace conference must be understood. The positions it was to take on relief and especially on reparation were designed to impress upon the Americans the necessity of formulating an economic policy that took French requirements into account.

The hope of continued cooperation died hard. Clémentel in December and January still sought to bring the Americans around. French needs during the period of reconstruction would be enormous, and the means of payment available to a country as yet substantially unable to export would be severely limited. Would the United States government do what was necessary to see that France received her fair share of raw materials and that these commodities were provided at a fair price? Or would the Americans simply abandon Europe to the economic chaos that would surely follow the abrupt removal of controls?

The American government was eager to organize the relief of Europe, and in December 1918, its representatives negotiated with European officials on relief schemes. Clémentel saw in this an opportunity to press the United States to accept the French economic plan. Not just emergency food but more far-reaching measures were required to put Europe back on its feet economically. He urged the "drafting of a complete plan for the control of all foodstuffs, raw material, and shipping for a lengthy period subsequent even to peace" in discussions with Hoover and other officials. To Hoover it seemed "that the French intend to force the grafting of this issue on to any plans of the president, and use our desires on relief as a point of pressure." But Hoover firmly rejected Clémentel's proposals. The American people, he felt, would never accept foreign control of American resources. If any controls over the American economy

Organization of American Relief in Europe, 1918-1919, Suda L. Bane and Ralph H. Lutz, eds. (Stanford, 1943), p. 32. This collection of documents, drawn primarily from papers in the Hoover Institution, will hereafter be cited as OAR.

were retained, they would have to be operated exclusively by American officials. In the face of this resistance, Hoover wrote, Clémentel for the moment abandoned the idea of a "complete economic Council controlling all raw material, finance, transportation and food."⁵³

The minister of commerce, however, only provisionally renounced his effort to secure American cooperation. He intended to renew the attempt at the peace conference, scheduled to begin in January, but he knew in December that the American government would not readily agree to his proposals. On December 31, he forwarded to Clemenceau an "Avant-projet des clauses économiques des préliminaires de paix." According to the deputy Louis Puech in his report to the Chamber on the economic clauses of the peace treaty, this document "represented as exactly as possible the position taken by the French government at the start of the conference."⁵⁴

In the letter to Clemenceau covering this project, Clémentel reviewed the economic problems that France would face and again urged the need for continued Allied "cooperation." But now his proposals were limited to the period of reconstruction. Knowing that the Americans would resist even these modest plans, he outlined a strategy designed to overcome their resistance. The French should stress that the kind of peace "imposed" on Germany would be a function of the arrangements the Allies made among themselves. If the Allies and the Americans abandoned the wartime policy of mutual assistance and economic solidarity, then France would insist on a harsh peace. The "associated states" gathered at Paris to make peace would then be presented with a choice: "They must decide if they will institute, by means of measures based on common agreement, an economic organization designed to assure the world a secure recovery in the aftermath of the upheaval, or if the only guarantee of this security that they envisage is a peace of reprisals and punishments."⁵⁵

What kind of severe claim would the French present to their allies? The "Note introductive" to the Ministry of Commerce project, drafted by Hauser, left little doubt that an enormous demand for reparation would figure prominently in the bargaining. "Full reparation," Hauser wrote, "does not merely include the restoration

⁵³ Hoover to House, December 10, 1918, OAR, pp. 78-84; OAR, pp. 27, 33.

⁵⁴ This document is in F¹² 8104. For the Puech report, see *Journal officiel de la République française, Documents parlementaires, Chambre des Députés*, 1919, Annexe 6670, p. 445.

⁵⁵ Clémentel to Clemenceau, December 31, 1918, F¹² 8104.

of Belgium and of the invaded areas of the North and East of France, Italian territories and others directly touched by the war." It also included compensation for "inability to produce," both in the occupied areas and in the rest of France. If it were admitted at the peace conference that such reparation was beyond Germany's capacity to pay, then "it will be up to the Allied and Associated governments to study alternative schemes to assure the nations who have suffered most from the war the full reparation of their losses."⁵⁶

At the peace conference, French policy did proceed along the broad lines sketched in the Ministry of Commerce project. To Clémentel's delight, it even seemed at first that the Americans were willing to consider a kind of limited cooperation on economic questions. It was Wilson's suggestion that the conference study questions relating to "privileges that should be granted to the devastated regions for their revictualling in raw materials and for the sale of their manufactured products." The "revictualling and re-starting of industries in the devastated regions," he said, "would call for cooperation between the Allied and Associated Powers in respect to shipping, priority of supply, etc."⁵⁷ A similar line was taken by the American delegate Bernard Baruch in the committee set up to consider with which economic questions the peace conference should deal.

In that committee, Clémentel, however, pressed for a much broader system of "cooperation" than the Americans apparently had in mind. France in its entirety, he said, had in effect been devastated by the war. The reconstruction of the French economy as a whole depended on Allied cooperation. Reparation alone would not be enough: "but everyone agrees in recognizing that there is a limit to possible enemy reparations. France does not want to go beyond this limit and execute her own debtor. Without, however, intending to transfer to her allies the debt of her enemy, she is certain that she can find, in a system of understanding and cooperation, the means of coming to the aid of the countries who have suffered most from the war."⁵⁸

The committee finally submitted to the Supreme Council a list of questions that the proposed Economic Commission should be

⁵⁶ *Ibid.*

⁵⁷ FRUS, *The Paris Peace Conference*, III, 730-31 (hereafter cited as FRUS, PPC).

⁵⁸ Conférence de la Paix, *Recueil des Actes de la conférence*, 28 vols. in 8 parts (Paris, 1922-34), Part IV (Commissions de la Conférence—Procès-verbaux, Rapports et Documents), B (Questions générales), 7 (Commission Economique), minutes of meeting of February 8 with annexes, p. 16ff.

authorized to deal with. In particular, it suggested that the proposed Commission consider economic measures to be taken in common for the supply of Europe, and special reference was made to the problem of the restoration of the devastated areas. This document was reviewed on February 21 by the Supreme Council, which decided that these "transitory measures," should be considered by a newly created Supreme Economic Council (SEC). The Economic Commission, on the other hand, would discuss problems more directly related to the peace treaty with Germany: permanent commercial relations, "dumping," liquidation of enemy property, prewar commercial debts, and so on.

The SEC had been set up by the Supreme Council on February 8, on Wilson's suggestion, to deal with such questions as finance, food, blockade control, shipping and raw materials during the period prior to the signing of the peace treaty. The creation of this body perhaps encouraged Clémentel. The inter-Allied economic system that had proved so effective in the last months of the war might now be revived under a different name. Indeed, the wartime bodies were to be absorbed into the new council, the Allied Maritime Transport Council, for example, becoming the Transport Section of the SEC.⁵⁹

But the creation of an institutional framework for cooperation meant little in itself. What was crucial was the policy each nation pursued within that framework. The Americans continued to resist sweeping plans for inter-Allied control of raw material, shipping, and finance; their earlier position seemed even to harden. Until early February American spokesmen had evidently favored a system of "cooperation" limited to the reconstruction of the devastated areas, but for the rest of the conference they were hostile to all schemes of "cooperation" involving the American government.

The SEC discussed questions of relief and blockade, but because of American resistance, the problem of French reconstruction, and in particular the question of raw material, was barely touched. Clémentel was keenly aware that the American attitude was responsible for the final frustration of his schemes. "The very sharp opposition of the American delegation," he wrote in November 1919, "prevented the SEC from carrying out . . . the task that had been assigned to it."⁶⁰

⁵⁹ FRUS, PPC, III, 934, and X, 1-5.

⁶⁰ Clémentel to other French ministers, November 6, 1919, p. 4, in F¹² 8066, folder "C.S.E. (General No. 4)."

The progressive failure of Clémentel's policy had a number of important consequences. First, there was the eclipse of Clémentel himself. With the failure of economic "cooperation," his grandiose plans for industrial organization were also doomed. The Americans were no longer insisting on a highly centralized economy under government control; instead, they constantly urged the prompt restoration of free market conditions and seemed to suggest that this would be a condition of further financial aid.⁶¹

The American government was particularly hostile to the consortium regime. The U.S. War Trade Board's chief representative in Europe, McFadden, began attacking the consortiums even before the armistice. On November 27 he asked the Treasury to put pressure on the French to end the system, which he feared might otherwise become permanent.⁶² High American officials made their opposition to the consortium regime very clear to the French in December and early January.⁶³ By mid-January hasty steps had already been taken to disband the system—an article in the *Journée industrielle*, which on the whole did not sympathize with Clémentel's policy, had even spoken of the consortiums' "premature liquidation"—and by February 14, when Louis Loucheur, the minister of industrial reconstitution, formally announced that he favored the "complete suppression of the consortiums," only three of them were still in operation.⁶⁴

Soon the whole system was gone, but Clémentel had already begun to look around for alternative schemes as a way of salvaging something from the situation. He now called for the voluntary organization of industry on a regional basis. Business was sceptical—was this just an "ingenious attempt" to achieve his aims through the back door?—but it went along with the plan in a half-hearted manner.⁶⁵ All of these moves, faint echoes of a dead dream, were of limited significance. Employers were organized into a national body, the Confédération générale de la production française, but this group did not develop much cohesion or power.⁶⁶ As Lucien

⁶¹ See for example Davis to Rathbone, March 10, 1919, Munitions Committee, Part 32, Exh. 4154.

⁶² MacFadden to War Trade Board, Oct. 30, Nov. 10, Nov. 16 and Nov. 27, 1918, and MacFadden to Norman Davis, November 27, 1918, Record group 39 (U.S. Treasury Department, Bureau of Accounts), Box 51, United States National Archives, Washington.

⁶³ Tardieu to Billy, December 14, 1918, and Billy to Tardieu, January 8, 1919, Tardieu Papers, dossier "Après-Guerre," Foreign Ministry Archives, Paris.

⁶⁴ *Journée industrielle*, Jan. 10 and Jan. 17, 1919; Chambre, *Débats*, Feb. 14, 1919, p. 638.

⁶⁵ *Journée industrielle*, January 17, 1919; pp. 74-76.

⁶⁶ See Henry Ehrmann, *Organized Business in France* (Princeton, 1957), pp. 15-32.

Romier pointed out in a perceptive report on the consortiums for the Association nationale d'expansion économique, real centralization could not be imposed on a reluctant industry from without. If it were to exist at all, it would have to develop organically from within: "La concentration interne doit précéder la concentration externe par voie administrative."⁶⁷

Thus the great hopes nurtured in the French government during the war were completely and definitively frustrated. French policy had to adjust to the new situation. As the failure of Clémentel's policy of direct inter-Allied control of vital world resources became evident, French representatives pressed for alternative solutions to their economic problems. Financial questions in particular assumed prime importance. While in this regard French policy became more flexible, much of the original spirit persisted—notably the strategy of using large reparation demands as a lever for eliciting Allied aid.

In this respect too, the attempt was to fail. The Americans proved intransigent, and the French gave up the game by the end of February. Thereafter French and American reparation policy more or less converged—but this is part of another tale that cannot be told here.⁶⁸

The story of Clémentel and French economic policy during the First World War has significance even apart from its bearing on the reparation question in 1919 and later. The whole episode reveals that a certain lack of faith in the old liberal economic system of free markets and government non-intervention had permeated even the centers of power: the idea of a permanent, radical, and (in Charles Maier's sense) "corporatist" re-structuring of the capitalist regime had been seriously entertained at the highest political level. The development of this amorphous feeling into a powerful and coherent doctrine and its eventual emergence as actual policy is, of course, a major theme in the recent history of France and, more generally, of the industrialized world. It is in this context that an account of Clémentel's dreams has its broadest interest. The story of French economic policy during the First World War is an integral part of this larger story—one which, on the whole, remains to be told.

⁶⁷ *Journée industrielle*, Jan. 23, 1919.

⁶⁸ See Trachtenberg, "French Reparation Policy," Chapter II.