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## PLANNING IN CAPITALIST ECONOMIES: THE EXAMPLE OF WARTIME ECONOMIES<sup>2\*</sup>

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**Ключевые слова:** *администрация, планирование, инфляция, приоритеты, военная экономика, мобилизация, политический навес.*

### Расширенная аннотация статьи на русском языке<sup>3</sup>

В феврале 1921 года в Советской России был разработан ГОСПЛАН. Однако планирование, в теории или на практике, не началось с революции 1917 года и рождения СССР. Возможно, было «другое» планирование, которое развивалось в экономиках капиталистического характера. Опыт «плановой экономики», которая в последние годы стала более популярной, заставил нас забыть, что было «другое» планирование, которое развивалось в экономиках капиталистического характера.

Во время войны было три модели экономической мобилизации и, следовательно, планирования. Война нуждалась в массовой мобилизации людей и их вооружении, ей было необходимо доставлять большое количество боеприпасов на линии фронта и делать все это при сохранении постоянно возрастающего потока производства, которое влияло на исход войны. В то же время явление «военной экономики» не просто сводится к экономике в военное время.

Немецкая модель планирования военной экономики имела успех. Но эта модель основывалась на институтах, которые подавляли общество. Поэтому существует еще две модели – «согласованное планирование» Франции, где контроль со стороны парламента продолжался в течение всего военного периода, и России, где институты были результатом массового движения, но в условиях ожесточенных политических столкновений, которые привели к крупному политическому кризису. Принимаемые решения в рамках моделей зависели от истории и политической

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культуры каждой страны. Такие политики мобилизации и планирования были на удивление эффективны с экономической точки зрения.

Опыт государственного контроля над экономикой во время Первой мировой войны имел более идеологическое, чем практическое наследие. В то время как большинство учреждений, контролирующих экономику, были быстро демонтированы в начале 1920-х годов, идею о том, что аналогичные меры можно было бы использовать не в интересах строительства военной инфраструктуры, а для обеспечения полной занятости и наиболее быстрого роста в некоторых странах с целью компенсировать растущую экономическую отсталость, возникли как в левых, так и в правых политических кругах.

Во Франции послевоенные годы, естественно, были отмечены сильным желанием вернуться к нормальной жизни, и это сделало идеи планирования востребованными. На волне депрессии 1929 года идеи планирования естественно поддерживались левыми политическими силами. Но в то же время идея планирования проявилась и в правых политических кругах. Эту точку зрения освещает эволюция членов группы X-Crise, объединяющей бывших студентов политехнической школы École.

Очень часто считается, что по другую сторону Рейна нацисты контролировали экономику посредством той или иной формы планирования. Более надежные источники побуждают нас более критично рассматривать реальность экономики нацистской Германии. На самом деле у Гитлера существовала особая «экономическая теория». Эта «теория» приводит к заведомо хищнической политике. Его память о 1916-1918 годах привела его к мечте об автаркии, основанной на систематическом разграблении «низших» народов.

В США Великая депрессия вернула демократов к власти в 1930-х годах, и в частности, с политикой Нового курса и его институтами администрации Рузвельта. Когда Соединенные Штаты были близки, чтобы вступить во Вторую мировую войну, администрация Рузвельта активно использовала мужчин администрации Уилсона с их опытом планирования 1917-1918 г., а также ценную информацию и опыт, накопленные Армейским промышленным коллегием. Результаты были впечатляющими для страны, которая, кроме своего флота, имела лишь небольшие и плохо оснащенные военные силы в 1939 году.

Было бы слишком просто настаивать на особенностях политических культур каждой страны. Наличие второго поколения экономической мобилизации и реализация форм планирования меняют перспективу. Из этого можно сделать вывод о том, что для эффективного осуществления мер экономического планирования в военное время необходимо несколько условий. С одной стороны, по этому вопросу должен быть достигнут определенный консенсус, и он присутствует в интеллектуальной и политической дискуссии уже несколько лет. Роль контекста, создаваемого Новым соглашением в Соединенных Штатах, безусловно, имеет важное значение. С другой стороны, необходимо, чтобы уже существующие учреждения имели возможность проводить политику конкретной организационной культуры и обеспечивать «память» о необходимых институтах, и чтобы эти институты были наделены определенной легитимностью.

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рождения СССР. Опыт «плановой экономики», которая в последние годы стала более популярной, заставил нас забыть, что было «другое» планирование, которое развивалось в экономиках капиталистического характера.

Эти эксперименты в «капиталистической» экономике возникли в период Первой мировой войны и обычно, но не полностью, связаны с военной экономикой. Как отмечает А. С. Милворд (Milward, 1979), этот опыт был развит во время Второй мировой войны. Именно этот опыт дает нам важный противовес советскому опыту.

### Introduction

The experience of “planned economies” did not start with the revolution of 1917. An “other” planning, which developed in economies of capitalist nature, was possible. These experiments arose from the First World War. The war presented three models of economic mobilization and therefore of planning. The German model, where institutions are built overhanging society, therefore respond to two other models, that of France’s “concerted planning”, where parliamentary control continued to be exercised throughout the period, and that of Russia, where the institutions were the result of a grassroots movement, but in a context of fierce political clashes that translated into a major political crisis. Several solutions were possible, but solutions depended on the history and political culture of each country. These mobilization and planning policies were remarkably efficient economically. It can then be deduced from this that several conditions are necessary for the effective implementation of economic planning measures in wartime. On the one hand, there must be a certain consensus on this issue. On the other hand, it is necessary that there pre-exist institutions capable of carrying a specific organizational culture and of organizing a “memory” of the required institutions, and that these institutions be endowed with a certain legitimacy.

In February 1921, the GOSPLAN was created in Soviet Russia. Yet, planning – whether in theory or in practice – did not start with the revolution of 1917 and the birth of the USSR. The experience of “planned economies”<sup>1</sup>, to which work has returned in recent years<sup>2</sup>, has tended to make us forget that there was an “other” planning, which developed in economies of capitalist nature.

These experiments in “capitalist” economies arose from the First World War and are generally – but not entirely – linked to war economies. This experience was reinforced and consolidated by the Second World War. It profoundly affected decision-makers and post-war economic policy, as A.S. Milward notes (Milward, 1979). It is this experience that provides us with an important counterpoint to the Soviet experience.

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<sup>1</sup> See, Caire G., «La planification soviétique à la recherche de la rationalité. Note sur l'évolution récente des techniques soviétiques de planification», in *Revue économique*, vol. 14, n° 3, 1963, pp. 384-440 ou Sapir J., «L'économie soviétique: origine, développement, fonctionnement», in *Historiens et Géographes*, n°351, décembre 1995, pp.175-188; Ellman M., «Economic calculation in socialist economies », in Eatwell J. et al. (dir.), *Problems of the planned economy*, London, Macmillan, 1990, pp. 91-96.

<sup>2</sup> See Chavance B., «La planification centrale et ses alternatives dans l'expérience des économies socialistes», ou Fondu G., «Une théorie marxiste de la planification est-elle possible» in C. Durand et R. Keucheyan (coord.), *Actuel Marx, La planification Aujourd'hui*, n°65, 2019/1.

## I – The experience of the 1914-1918 war

The First World War was an industrial one. War became the ability to equip men en masse, to bring the required quantities of ammunition to the front lines and to do all this while maintaining an ever-increasing flow of production that decides war. The phenomenon of the “war economy” is not simply reducible to the economy in wartime. The 1914-1918 war imposed a brutal restructuring of economic activities (Broadberry et Harrison, 2005) which, coupled with the state as the single buyer (Hardach, 1977b), tends to limit market mechanisms in favor of organized or even centralized allocation methods. In this sense, war economies were precursors of planning.

### A. The German prototype

Germany was the first belligerent country to control purchase and distribution of raw materials. The reason was the blockade put in place by the Franco-British (Vincent, 1957). The War Commodities Department (Kriegsrohstoffabteilung or KRA (Williamson, 1978)) was set up a few days after the beginning of the conflict. The leaders of the KRA were responsible for controlling the requisition and allocation of raw materials necessary for the arms industry. They imposed quotas, whether for production or for allocations of raw materials, and fixed prices. This constituted the creation of a system that was the first step towards full mobilization. The KRA will create twenty-five war commodities companies and reopened factories that had closed because they were not economically viable. He also encouraged the substitution of available materials for rare materials<sup>1</sup>. The KRA was under the authority of the Prussian War Ministry and he became, in a way, its “armed wing”. This was accompanied by what one historian called the “silent dictatorship” resulting from the transfer of effective power from the imperial government to the High General Staff (Kitchen, 1976). The KRA saw its powers grow stronger throughout the war.

Wage increases driven by the growing labor shortage swelled household cash holdings and fueled inflation. Due to the political sensitivity of the population to this phenomenon, a population already suffering from increasing restrictions due to the blockade<sup>2</sup>, but also to prevent these price increases from disarticulating the priority system implemented by the KRA, the latter began to impose price controls aimed primarily at food products. As the latter penalized the farmers, they resorted to black market (Ziemann, 2007), which led to the creation on May 22, 1916 of the Food War Office or KEA. This body, which was linked to the KRA and the General Staff, set delivery quotas at fixed prices. To facilitate the mobilization by companies of their entire productive potential, the government instituted a system of automatic rediscounting of trade securities (Orléan, 1979), which had the effect of tipping the German economy into what Janos Kornai called the soft “budgetary constraint” (Kornai, 1984). The government also massively increased public debt, and the Central Bank soon found itself in the position of becoming the overwhelming financing center of the economy. This created a systemic dimension to inflation (Feldman, 1993).

<sup>1</sup> Asmuss, B., “Die Kriegsrohstoffabteilung” (<https://www.dhm.de/lemo/kapitel/ersterweltkrieg/industrie-und-wirtschaft/kriegsrohstoffabteilung.html>) Deutsches Historisches Museum.

<sup>2</sup> Davis, B., *Home fires burning. Food, politics, and everyday life in World War I Berlin*, Chapel Hill, University of North Carolina Press, 2000 ; Chickering, R., *The Great War and urban life in Germany. Freiburg, 1914-1918*, Cambridge-New York, Cambridge University Press., 2007.

The success of the KRA is obvious: in 1917, arms production reached 46% of GDP (Balderston, 2010). Related to 1913, armaments represented about 35% of the GDP. But, all of this came at a heavy price for German society. However, agricultural production had fallen to 60% of its pre-war level (Ritschl, 2005). The institutions for the mobilization of the economy, prefiguring a form of planning, then appear to have been built overhanging in German society. The fact that they were attached to the General Staff helped to give them strength but was also the cause of their loss of legitimacy in the last 18 months of the war. In fact, few heard the warnings of Walther Rathenau, published a year before his assassination by a far-right group: *"The economic experiences made during the war allow us to direct our industries in the direction of a more properly national economy"* (Rathenau, 1921).

### **B. The French experience of planning through consultation**

France, too, was faced with a sharp rise in industrial needs, combined with an equally strong reduction in production capacities linked to German partial occupation of the national territory (14% of the labor force, 58% of steel and 40 % coal) (Nivet, 2011).

In 1914, the government consisted of twelve ministries. They will multiply as well as the secretariats and under-secretariats of state with the necessity of economic mobilization. In 1915, it is the beginning of the multiplication of the administrative bodies and 281 committees and commissions are listed, they will go up to 300 in 1918. In front of this multiplicity of organizations and the difficulties to make apply the regulations, the ministry for the War appoints military intendants in each region and in each department, responsible for bringing together and organizing the action of the various economic bodies and monitoring the implementation of government or military decisions (Renouvin, 1925). Their orders overrode the directives of the civilian administration, which sometimes led to conflicts between the army, prefects and general councils.

The year 1916 played a major role in the process of mobilizing the economic apparatus in France (Bostrom, 1916). It was the year that saw the transition from "improvisation" to real rationalization. In this "tidying up" of the mobilization of the economy, quantitative results were at least as important as qualitative ones. They, with the help of the Allies, enabled France to equip and feed what was arguably the best army in 1918 (Goya, 2018). In this rationalization, three men emerge. The first is Albert Thomas, a socialist and trade unionist (Błaszczewicz-Maison, 2016). The second was Louis Loucheur, a subordinate to Albert Thomas. Coming from business circles but with dirigist ideas in economics (Barjot, 2012), he will issue two "General Instructions" which will be in effect until the end of the war (Sardier, 1920). The third man was Etienne Clémentel, who was Minister of Commerce and Industry from October 1915 to January 1920 (Kessler, 2018). His role is unknown but essential (Hardach, 1977a). He pushed business leaders to organize themselves, plays a decisive role in the birth of the General Confederation of French Production, and seeks to structure the French economy both by industrial branches (Moulin, 1997) and around regional hubs (Druelle-Korn, 2012). These three men, with very different profiles, had a considerable weight in the mobilization of the French economy.

Patrick Fridenson then identifies a French model where the State seeks to coordinate and balance the demands of the General Staff and industrialists, while defending its



own interests (Fridenson, 2018). The case of France is even more specific because it is through the personality of Albert Thomas, that the presence of the unions will be able to assert itself in the mobilization process. The state nevertheless remains the master of the game (Fridenson, 2018). Effective state role was divided into parliamentary control, which remained effective throughout the war, and the role that was played by the Ministry of Finance (Jèze, 1926). However, the administration found itself in a situation of information asymmetry. Through instruments such as advances on contracts or the threat of punitive taxation the French state was able to lead manufacturers to lower their prices and to give more guarantees to the state. Albert Thomas's action was also important because, through industrial policy, he placed the state in the function of producer, a way to get around this information asymmetry helping to improve the contracting process.

The French experience can therefore be interpreted as very different from the German one. Political power has remained in control and this is reflected in the control exercised by parliamentarians. We would then be in the presence of an attempt at planning through consultation, a consultation between four actors, the General Staff, State services (administration), entrepreneurs and employees. This consultation, which naturally does not exclude conflict or command, is certainly the key to the success of this form of planning that was industrial mobilization in France. It anticipates the post – 1945 tripartite negotiations.

### **C. Planning through conflict**

The war economy in Russia presents a disconcerting example of a planning resulting neither from command nor from cooperation but from an antagonistic process between the world of the industrialists and that of the imperial political power, of a planning which would have thus been imposed BY industry on political power. However, this process must be put in its context, that of the development of capitalism in Russia (Lyachtchenko, 1971). The theses of an autonomous development of capitalism in Russia<sup>1</sup> must also be put into perspective<sup>2</sup> (Portal, 1966). With the exception of fiscal pressure, monetary and market relations have little impact on the rural world (Atkinson, 1983). This is a notable difference from the development pattern of Western Europe in the 19th century. The domination of the monetary system under the control of the central authorities, and more broadly the persistence of a division into two monetary and financial systems<sup>3</sup>, refer to this fragmentation of economic logics and to the social and political oppositions that they underlie. At the end of the 19th century, there was a growing opposition between two models of industrial development: a large industry

<sup>1</sup> Lyachtchenko P.I., *Istorija Narodnogo Hozjajstva SSSR*, Gospolitizdat, Moscou, Vol.2, 1950. T.H. Von Laue, *Sergei Witte and the Industrialization of Russia*, Columbia University Press, NY, 1963 ; C.E. Black (ed.), *The transformation of the Russian society since 1861*, Harvard University Press, Cambridge, Mass., 1960. K.C. Talheim, «Russia's economic development», in G. Katkov, E. Oberländer, N. Poppe et G. von Rauch, (eds.), *Russia enters the Twentieth Century*, Temple Smith, Londres, 1971.

<sup>2</sup> As in R. Portal, «The industrialization of Russia» in J. Habakkuk et M. Postan (eds.), *The Cambridge Economic History of Europe*, vol. VI, part. II, Cambridge University Press, Cambridge, 1966.

<sup>3</sup> Petrov Ju.A., «Kreditnaja Sistema – A. Bankovskij kredit» in Institut Rossijskoj istorii – Rossijskaja Akademija Nauk, *Rossija 1913 god, Statistiko-dokumental'nyj spravotchnik*, BLITs, Saint-Petersbourg, 1995. Borovoj S.I., *Kredit i Banki v Rossii*, Gosfinizdat, Moscou, 1958.

linked to the Tsarist power<sup>1</sup>, and a medium-sized industry, which was in the process of self-organization<sup>2</sup>. The opposition between the two groups turned into open conflict from 1914; one can speak of a latent insurrection of a part of the Russian bourgeoisie against the politico-economic system of Tsarism.

The characteristics of Russia's pre-1914 economic model were to radicalize in the mobilization process during World War I (Siegelbaum, 1983). The Russian leaders were confronted with a situation requiring a brutal restructuring of the economy in order to obtain the rapid increase of certain productions due to the shortage of ammunition at the end of 1914 (Golovine, 1931). However, with the major difference with the experiments of industrial mobilization carried out in Germany or in France, this restructuring will be done largely AGAINST the government. The military failures of 1915 provoked a quasi-insurrection of small and medium-sized entrepreneurs against the high Tsarist administration (Zagorsky, 1928). Faced with what they consider to be a moral, professional and patriotic bankruptcy of the administration concentrated in Saint Petersburg, these entrepreneurs decided to take industrial mobilization in hand (Sapir, 1990).

The constitution of local Military-Industrial Committees or VPK (Voenno-Promychnennye Komitety), was accompanied by the establishment of a national structure, the Ts.VPK. This process was an opportunity for the representatives of Russian capitalism gathered around the Moscow group of the Association of Industry and Commerce, to attempt an alliance both with the technical intelligentsia and with the workers (Volubuev, Drobizhev, 1957). The VPK network will quickly acquire its own financing systems, which are based both on the mobilization of numerous small local and municipal banks and on non-monetary exchange relationships. Barter between the companies of this network will be regulated by the local VPK, which determined the exchange ratios and acted as clearing house. In the management of industrial claims, the VPK network became a potential alternative to the Central Bank, which therefore had no other solution than to cooperate closely with it from 1916.

From the second half of 1916 saw the appearance of a double structuring of the Russian economy, both organized on a territorial basis and on a vertical basis. The VPK movement can be likened to an attempt to take control of one system by the other through the capture of the markets of State orders, financial flows which were attached to it, and procedures for refinancing in "central" money the "private" currencies linked to it. The planning process that is at work then takes place within the framework of a violent antagonism between the Tsarist power and part of society. The inability of power to control or recover this process would mark its end (Malle, 1985).

The case of Russia from 1914 to 1917 therefore appears to be exemplary of industrial mobilization and planning that is built on the antagonism of the players. It is a form

<sup>1</sup> Anan'itch B.V., «the economic policy of the tsarist government and enterprise in Russia from the end of the nineteenth century through the beginning of the twentieth century», in F.V. Cartensen (ed.), *Entrepreneurship in the Imperial Russia and the Soviet Union*, Princeton University Press, Princeton, 1983.

<sup>2</sup> Goldberg C, *The association of Industry and Trade: 1906-1917*, PhD., State University of Michigan, Chicago, 1974. J.L. West, *The Moscow Progressists : Russian Industrialists in Liberal Politics : 1905-1914*, Ph.D., Princeton University, Princeton, 1975. R.A. Roosa, «Russian Industrialists and 'State Socialism' 1906-1917», in *Soviet Studies*, vol. 23, n°2, 1972, pp. 395-417. J.D. White, «Moscow, Petersburg and the Russian Industrialists», in *Soviet Studies*, vol. 24, n°2, 1973, pp. 414-420.

of movement coming from society but which is built against political power and which seeks, in fact, to replace it. As a result, it is therefore opposed both to the German model where this mobilization was the result of organizations built and overhang of society and protected from all democratic control, and to the mobilization and planning in France which is being built, in a permanent dialogue between the different actors.

The 1914-1918 war therefore presented us with three models of economic mobilization and therefore of planning. The German model, where institutions are built overhanging society, therefore respond to two other models, that of France's "concerted planning", where parliamentary control continues to be exercised throughout the period, and that of Russia, where the institutions are the result of a grassroots movement, but in a context of fierce political clashes that translate into reality the crisis that society is going through. We see that, faced with the same constraints, several solutions are possible. A second lesson is that the choice between its solutions depends largely on the history and political culture of each country. A third lesson is that, apart from any military results, these mobilization and planning policies were remarkably economically efficient. They enabled economies at relatively different levels of development to weather the brunt of war.

## **II - From the thirties to the Second World War**

The experiences of state control of the economy during World War I had a legacy more ideological than practical. While most of the institutions controlling the economy were quickly dismantled in the early 1920s, the idea that similar measures could be used not for the benefit of the construction of armaments and the war effort but to ensure the full employment and in some countries the fastest growth to make up for an economic backwardness which had widened, emerged both on the left and on the right of the political spectrum. The crisis of 1929 and its aftermath gave these ideas a greater force.

### **A. The dismissal of the "Great War" inheritance in France**

The postwar years were naturally marked by a strong desire to return to normalcy. The legacy of the war was expressed first in the trajectory of some of the actors. Etienne Clémentel and Albert Thomas (at the ILO) had a certain influence in the French-speaking world. Clémentel, a man strongly influenced by the German historical school (Druelle-Korn, 2012) and convinced of the need to assert the primacy of the State and of the public interest in economics (Nordman, 1977), will try at the end of the war to make his ideas prevail regarding the organization of the economy, however with little success (Clémentel, 1931).

The planning idea therefore naturally manifested itself on the left of the political spectrum. But its reception, whether in the sphere of political parties or that of trade unions (Poggioli, 2008), was ambiguous or negative. The Popular Front was to confirm this (Nadaud, 1996). The crisis that affected the SFIO in the early 1930s, and the split, whose cause was the participation or name of SFIO deputies in government coalitions, of the "neo-socialist" current is probably one of the reasons. The main disseminators in France of these ideas were the eleven young intellectual founders, within the SFIO,



of “Constructive Revolution” (Lefranc, 1970). They nevertheless suffered from an initial double handicap within the SFIO because of their links with the CGT leadership and the apparent similarity of some of its theses to those of the “Neos”. Leon Blum at SFIO rejected the planning idea in early 1934 (Biard, 1984).

The Confederal leadership of the CGT, meanwhile, appeared to be interested in the Plan. The manifesto of the CGT of December 1933 called for action against the crisis within the national framework. On January 15, 1934, the Confederal Bureau submitted to the organizations of the Confederation a draft, drawn up by René Belin, which dealt with the management of the economy through “industrialized nationalization” and “credit control”. There too, it was to ultimately be a dismissal.

But, the planning idea also manifested itself on the right of the political spectrum. The evolution of the members of the X-Crise group<sup>1</sup>, bringing together former students of the École Polytechnique, is illuminating of this point of view (Fischman, Lendjel, 2006). With the Second World War, this group split, some joining the Resistance (Jules Moch, Louis Vallon), others engaging with the Vichy regime (Raymond Abellio, Jean Coutrot, Gérard Bardet or Pierre Pucheu) (Amzalak, 2011). The interesting point here is that the idea of state control through forms of planning inspired by the French experience of 1914-1918 also attracts personalities with conservative ideas, even, like Pierre Pucheu, violently anti-communist and sensitive to sirens of fascism (Antonowicz, 2018). In fact, X-Crise can be seen as one of the essential foundations of technocracy in France, a technocracy that will flourish under the Fourth Republic after 1946.

The so-called “inter-war” years are remarkable here because they describe how the experience of “cooperative” planning which marked the years 1914-1918 disappeared. Albert Thomas was at the ILO and died in 1932 while Etienne Clémentel retired from public life from 1930. The failure of planning ideas, essentially through the debates of the SFIO, is instructive. As is instructive too the fact the PCF participated very little in the general debate, contenting to postpone planning “after” a hypothetical revolution. The result was a loss of expertise when it came to reviving a war economy in 1939.

### **B. The non-place of planning in Nazi Germany**

Imperial Germany had been what might appear to be the planning matrix in WWI. But, this experience had been traumatic both for the population and for the ruling class, which had seen its property rights diminished, even violated, and this without being associated with victory.

Yet those involved in the war economy, and first and foremost Rathenau, believed that sooner or later forms of planning would be required (Henderson, 1951). The personality of Walther Rathenau (Williamson, 1978), whose writings explicitly called for narrow forms of state control of the economy (Rathenau, 1919), also played against an objective reception of what had been achieved from 1914 to 1918 (Industrial Mobilization for War., 1947). The Consul Organization murdered Rathenau on 24 June 1922 (Sabrow, 1994). He had been the victim of incessant anti-Semitic attacks for several years (Cohn, 1967), the role of which in his assassination is obvious (Volkov, 2012). Rathenau was not

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<sup>1</sup> Voir Dard O., « Voyage à l'intérieur d'X-crise », In *Vingtième Siècle, revue d'histoire*, n°47, juillet-septembre 1995. pp. 132-146.

the only one with these ideas of planning (Baumont, 1932), and of a form of a command economy<sup>1</sup>. Wichard von Moellendorff, who was Rathenau's, deputy had also defended similar ideas (Barclay, 1978). His book *Konservativer Sozialismus*<sup>2</sup> shows that he continued to champion planning ideas. However, such ideas did not appear in Germany until the Nazis came to power, for various reasons: the Left parties were reluctant to see themselves associated with a period of history marked by deprivation and poverty, ashamed of defeat. The traditional right-wing parties rejected his ideas as contrary to liberal ideology. The nationalist right and the extreme right also rejected his ideas for various reasons ranging from anti-Semitism (of which Rathenau remained the target even after his death) to the fear that such methods would favor the rise of communist ideas within of German society.

It is very often believed that the Nazis controlled the economy through some form of planning. This is the thesis of Otto Nathan (Nathan, 1944) or Rauschnig (Rauschnig, 1939). A more reliable source seems however to be the book by Otto Wagener (Wagener, 1985). This source, as well as the remarkable work written by Berenice Carroll based on the memoirs of General Georg Thomas (Carroll, 1968), invites us to take a more critical reading of the reality of the economy of Nazi Germany.

There is in reality an underlying "economic theory" in Hitler. But, this "theory" leads to a deliberately predatory policy. His memory of the years 1916 to 1918 led him to dream of autarky based on the systematic plundering of "inferior" peoples.

The introduction by the Nazis of the "Führerprinzip" resulted in an absence of direction in the economy, the multiplication of local centers of power engaged in fierce competition, a very strong duplication of efforts and projects and a lack of central management, replaced by a random system of priorities (Carroll, 1968). The overlap of decision-making bodies, General Staff (with its various technical departments often competing depending on the weapons) for arms producers, Ministry of the Economy and General Council for the Economy for companies with civilian functions, Bureau of Raw Materials and Synthetics for supplies (but which was dissolved in 1938), ad hoc consultation between industrialists and Party officials, created chaos now permanently wanted Hitler's power as the supreme recourse.

Georg Thomas, who was in the economic directorate of the armed forces (or *Wirtschafts-und-Rüstungsamt*) opposed the various armament plans as early as 1935 because he considered that these programs disrupted the industrial fabric of Germany. The Four Year Plan (1936-1940), put in place under the authority of Herman Goering, did not last long (Ollson, 1973). In fact, the adoption of the Blitzkrieg strategy was a response to this situation of organized chaos and is understood as a desire not to mobilize the economy of Germany in the hope that a short war would allow the country (or more precisely to Hitler) to achieve his political objectives from which he could enslave the economies of the dominated countries. Hitler, and the other Nazi leaders, thus hoped that they would not suffer the political consequences of mobilization. General Georg Thomas opposed this strategy head on (Milward, 1979). Berenice Carroll observes that, from an economic statistics standpoint, Britain focused a far greater proportion of its resources on the war effort than the country that started it. It took the disaster against

<sup>1</sup> Ses vues sont bien exprimées dans Rathenau W., *Die Neue Wirtschaft*, Berlin, S. Fisher, 1918.

<sup>2</sup> Von Moellendorff W., *Konservativer Sozialismus*, Hamburg, Hanseatische Verlags-Anstalt, 1932.

the USSR in 1942 (Stalingrad) for German decision-makers to decide to fully mobilize their economy. Even after the turn of 1943, the defects of the system did not disappear and the competition between various centers of power, generally associated with producers or consultancies seeking to promote their ideas, remained very strong, preventing to a large extent a rationalization of the German economy (Caroll, 1968).

This economy largely survived thanks to the organized plundering of the dominated countries (Tooze, 2006). This plunder was first of all women and men who were encouraged, but above all forced, to come and work, often in atrocious conditions, in Germany. From this point of view, the case of France is emblematic<sup>1</sup>. If we include in these payments the GDP created by French prisoners of war, deportees and internees (including the STO), the total contribution of the French "tribute" could then be equal to more than 20% of Germany GDP of 1938 (Milward, 1979). The total of the occupied countries (including the occupation of a large part of the western USSR until the end of 1942 (Dallin, 1957)), could be between 30% and 40% of the 1938 GDP, clearly marking the predatory policy of Nazi Germany (Milward, 1965).

Nazi Germany therefore moved away from the planning practices implemented from 1914 to 1918. It did so for ideological and political reasons. It is no wonder that some of the leaders of the army, like General Georg Thomas, came to admire the Soviet system which, in comparison with the semi-feudal anarchy which reigned in the German economy, could appear as a model of rationality (Caroll, 1968).

### C. Planning in the temple of capitalism

The question of economic mobilization was raised in 1917 in the United States. The late entry into the war, however, largely limited the scope of measures taken despite initial ambitions<sup>2</sup>. These measures consisted mainly of attempts to control the economy through centralized control of prices (Rockoff, 1919) and production (Kerr, 1967). There existed during World War I a wide range of government agencies charged with influencing or controlling economic activities, which operated under the authority of the Council on National Defense created by President Wilson in 1916 to prepare for entry into the war (Breen, 1984). In May 1917 equivalent councils, but functioning at the state level, were created. Among the most important institutions of economic mobilization were (Willoughby, 1919):

- The War Industries Board and its autonomous pricing committee, which dealt with industrial production and prices,
- The Food Administration, which dealt with agricultural prices and production,
- The Fuel Administration concerned with the prices and production of fuels.

However, the relatively short duration of the war for the United States left little time for the institutions in place to prove their worth. Thus, Bernard Baruch's tenure

<sup>1</sup> Arnould P., *Les Finances de la France et l'occupation allemande (1940/1944)*, Paris, PUF, 1951. Boudot, F., « Aspects économiques de l'occupation allemande en France », in *Revue de la Deuxième Guerre Mondiale*, vol. 14, n°54, 1964, pp. 41-62. Barjot D. et H. Rousso (dir.), *Histoire, économie et société (HES)*, n° spécial « Stratégies industrielles sous l'Occupation », vol. 11, n° 3, 1992. Homburg, H.. « Aspects économiques de l'occupation allemande en France, 1940-1944: l'exemple de l'industrie électrotechnique » in *Histoire, économie & société*, vol. 24, no. 4, 2005, pp. 527-543.

<sup>2</sup> Clarkson G.B., *Industrial America in the World War*, New York, Houghton Mifflin, 1923. Baruch B.M., *American Industry in the War*, New York, Prentice Hall, 1941.

as head of the War Industries Board was often described as a great success (Coit, 2000). But Baruch was not actually appointed until February 1918, just nine months before the armistice (Cuff, 1969). The War Industries Board's system of controlling the distribution of all steel produced by the American steel industry did not come into effect until June 1918. One would have expected that the war experience, in which the central government had played such an active role, would lead to an increased role of government in the economy in peacetime. The impact and institutional legacies of World War I were relatively limited. Yet this is to ignore the creation in 1924 of the Army Industrial College, which will play a decisive role in preparing men for the mobilization of World War II (Smith, 1959). From the mid-1920s to the 1940s, the Army Industrial College developed a series of "plans" and concepts for the mobilization of the American economy in the event of major conflict; these plans were largely inspired by the French experience of "concerted planning" (Thatcher, 1948).

The Great Depression brought Democrats back to power in the 1930s, and in particular with the New Deal policies and its institutions of the Roosevelt administration (Leuchtenburg, 1964). As the United States approached the war in World War II, the Roosevelt administration made heavy use of the men of the Wilson administration as well as the insights and experience accumulated by the Army Industrial College<sup>1</sup>. The results were spectacular for a country, which – but for its navy – had only small and poorly equipped military forces in 1939.

This was only possible through a methodical organization of the economy<sup>2</sup>, which some people mistakenly qualify as what was done in the Soviet Union (Sapir, 1989) as central planning (Mason, 2017). The methods employed were actually much more reminiscent of those of the French government from 1914 to 1918 (Industrial Mobilization for War., 1947), even if they could contain elements of coercion. After the appointment of Donald Nelson as head of the War Production Board, labor organizations were integrated into the mobilization process (Nelson, 1946), and that industrial mobilization took on its full extent (Vawter, 1983). It is obvious that the federal government played a central role in this vast expansion of production (Koistinen, 2004). The establishment of a consultation system between the main economic players played, as in France, a decisive role in this success. This economic planning has also led to a wider rationalization of economic life. The estimates of real output relative to potential output that guide so many macroeconomic policies today arise from "feasibility debates" between civilian economists and military planners (Wilson, 2016).

It would then be too simple to resume the conclusion of the first part and to insist on the specificities of the political cultures of each country. But, in this case, the fact that we are in the presence of the second generation of economic mobilization and the implementation of forms of planning changes the perspective.

The case of France is interesting. It is for political reasons, rejection of the period of war in the socialist movement and of the Sacred Union within the communist movement

<sup>1</sup> Voir le numéro de la Revue d'Histoire de la Deuxième Guerre Mondiale, consacré à «Roosevelt, chef de guerre», N° 82, avril 1971 et en particulier A.A. Blum, «Roosevelt et la mobilisation économique».

<sup>2</sup> U.S. War Production Board, American industry in war and transition, 1940-1950, part II, The effect of the war on the industrial economy, Washington, D.C., U.S. War Production Board, US-GPO, 1945.

that these currents are not interested in the experience of planning in time of war, preferring – in their majority – to postpone the problem until the next morning of the Revolution. Out of the space of the “left”, these ideas were transformed into a kind of technocratic ideal against parliamentary democracy and in an authoritarian logic even if the practice of planning during the First World War had been marked by the vitality of parliamentary control and consultation between actors.

The rejection of the planning ideas in Germany is more understandable. The experience of mobilizing the economy was associated with enormous suffering and defeat. But the extent of the rejection of which the planning idea and mobilization was the object in the 1920s and 1930s can also be explained by the political consequences of the disturbances which had accompanied the birth of the Weimar Republic, by the fracture within the German left between SPD and KPD which led the SPD to largely deny the idea of planning, and of course by the political ideology of the Nazi party, the political choices of Hitler, and generally the regression in the forms of government which we witnessed from 1933. The political structure of the Nazi regime was contradictory with the adoption of institutions allowing real planning within the framework of the war economy.

It can then be deduced from this that several conditions are necessary for the effective implementation of economic planning measures in wartime. On the one hand, there must be a certain consensus on this issue and that it has been present in the intellectual and political debate for several years. This helps to create the conditions for a consensus on this subject. The role of the context created by the New Deal in the United States was certainly important. On the other hand, it is necessary that there pre-exist institutions capable of carrying a specific organizational culture and of organizing a “memory” of the required institutions, and that these institutions be endowed with a certain legitimacy.

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