At the end of the war, all the belligerent countries had to face the dramatic consequences caused by a murderous and devastating conflict. France was no exception, especially as the majority of the battles on the western front occurred on its ground. After the Armistice, the nation thus entered into a process of reconstruction which, in reality, was conceived as early as 1914-1915. In this context, the role of the state was at stake, as well as its prerogatives and the consequences of reconstruction on the French economy.

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Introduction

A brochure entitled *La France au travail pour réparer ses dommages de guerre*, published in 1923, highlights the destruction caused by the Great War and the successful recovery efforts ongoing since 1918.[1] This document refers to three main structures damaged by the conflict: houses, fields and factories. The restoration of all three was supported by tremendous financial efforts.[2] Indeed, because of the localization and the extent – temporally and spatially speaking – of the battles, *France* was the country that was materially the most heavily affected because "the destructions caused by the fights [were] added [to] those resulting from movements of troops during the phases of the war of movement in 1914 and 1918".[3]

At the end of the conflict, therefore, the challenge facing the French state and its citizens was related to industrial warfare. The debates around reconstruction made way for a skillful implementation by the French authorities, as they grappled with the choices of policy makers and the planning measures, that would come to shape France’s economic dynamics throughout the 1920s.

Reparations and Reconstruction, a Burning Issue

Facing the large scope of human and material damage, the temporary relief that came at the end of the hostilities quickly gave way to despair. In reality, perceptions of the disaster, in particular regions directly confronted with the battles, was vivid long before 11 November 1918.

Early Questions, Lobbies and Commissions in Action

At the end of 1914, legislators included, in the finance of 1915, an article dedicated to the future elaboration of a special law concerning the "repair of the damage resulting from acts of war".[4] An initial credit of 300 million Francs was granted for "the most urgent needs", which according to the government’s definition, included an "inhabitant without resources to reconstruct his house in ruin, the one who lacks money to sow, or to acquire instruments and working material."[5] Whether or not an individual fit this definition was decided after an evaluation of damages conducted by ad hoc committees. In the meantime, in January 1915, the first assembly of the National Committee of Action for the Complete Reparation of the Damage caused by the War, which included departmental sections, was quickly created.[6] Throughout the conflict, bills and adjacent discussions ongoing in the conferences of the departmental sections of the National Committee of Action[7] fed parliamentary debates.[8] In this context, a Superior Commission in Charge of the Evaluation of War Damage was formed in the spring of 1915. Led by Deputy René Renoult (1867-1946), it consisted of thirty-four members of parliament and senior officials and had as its main function to double check the evaluations established after the field surveys undertaken by departmental committees.[9] In the same year, the Commission of War Damage was created in the Chamber of Deputies. This commission was chaired by Louis-Lucien Klotz (1868-1930) who was a deputy of the Somme and
the former Minister of Finance and the Interior and the president of the budget committee.\textsuperscript{[10]} In the Senate, a permanent special commission was also formed on this matter in February 1917.\textsuperscript{[11]} This special commission was chaired by the senator Marne Léon Bourgeois (1851-1925) who was the former president of the Chamber and the Council, as well as the founder of Solidarism Theory.\textsuperscript{[12]} Bourgeois was also the president of the Parliamentary group of the invaded regions, which was formed in October 1914. Obviously, the weight of the personalities at the head of these commissions demonstrates the importance of the issue at hand.

**The Law and its Surrounding Debates**

However, it was only on 17 April 1919 that a specific and solid legislative armature was created with the law entitled *Charte des sinistrés*\textsuperscript{[13]} whose origins went back to 1915. This law established the various steps to be followed by individuals, municipalities, departments and establishments trying to obtain reparation payments to address damage caused by the war. This law also established the various commissions involved in assessing the validity of the claims that would be filed by millions of French people.

The fighting heavily handicapped the national production system, infrastructure and buildings. The assessment undertaken at the end of the conflict was substantial: 712,000 buildings (that is 7.5 percent of the entire building park, including houses, industrial agriculture, buildings, etc. in 1914) and 20,000 industrial compounds were destroyed or damaged; 2.5 million agricultural hectars were devastated; 2,000 kilometers of canals and 2,000 bridges were destroyed, as well as 62,000 kilometers of road and more than 5,000 kilometers of railroads were out of order in all of France. The challenge was to overcome the industrial conflict which wore at the human strength of the French people and destroyed the landscapes.\textsuperscript{[14]}

However, how to approach reconstruction was not obvious. Debates began to emerge as early as 1915-1916 referring to the necessity of reconstruction and what form it should take. Some politicians, including the partisans of “Reconstruction” argued that it was necessary to reconstruct in a way that would replicate what had come before, while other parties argued that reconstruction was an opportunity to modernize infrastructure and housing. Some groups argued that the destruction presented an educational opportunity for future generations. Frédéric Brunet (1868-1932), a member of the Commission of War Damage in Pas-de-Calais stated in 1915:

\begin{quote}
maybe it would be good [...] to choose some of these ruins - and to keep them intact for the future generations. They will do better to understand what the war is and will not even allow to forgive [...] Carency [...] the village where there is nothing left, offers the most instructive aspect of the modern war.\textsuperscript{[15]}
\end{quote}

However, this opinion found "its limits in the economic reality"\textsuperscript{[16]} and the necessity for the state to get involved in vital reconstructions necessary for the citizens and the nation. Thus, in some places, special efforts were made to preserve buildings in ruin, for example the abbey of Mont-Saint-Eloi, in
order to document the "German vandalism" that occurred throughout the war. Other debates took a
more legal form because, for the first time, the state had “to indemnify the victims of damage.\[17\] In
Parliament, discussions related to the modalities of the compensations (subordinate to the obligation
to reconstruct or not) and the implementation of reconstruction.\[18\] Finally, Article 231 of the Treaty of
Versailles, acknowledged German responsibility for war damages and confirmed the process of
individual compensation: France would benefit from 52 percent of the total amount of reparations
arousing the illusion that these capital inflows would contribute to reconstruction and would allow
France to overcome the weight of damage then estimated at 34 billion Francs.\[19\]

Rebuilding and Starting Over: Individual and National Stakes

In 1919, it was thus decided to implement "the only solution which [was] in compliance with the
general interest and the equity".\[20\] This was particularly true in twelve invaded regions which were
counted among the most populated [...], included more than 60 percent of the factories
built in the past ten years, had given in 1912 more than a quarter of the harvest of wheat
[and] provided the Treasury for near the sixth of its resources.\[21\]

Framing the Reconstruction: Individual Interests in the context of Administrative Complexity

Under the influence of the Parliamentary Group of the Invaded Regions, the National Committee of
Action for the Reparation and the Federation of the Departmental Associations of the Victims
(created in 1915), the law of 1919 was particularly solicitous over the just repair of the damage
undergone. For example, it established special courts to rule on disputes over damages, in which the
rights of victims to receive reparations for the complete repair of their property could be established,
and where the unrestricted re-use of compensations by the victims could also be established.\[22\]

However, in a logic of compromise between the social right (including partisans from the government
and from the parliamentary right wing) that favored reconstructions that would replicate what had
come before, and pressure groups that supported the right of individuals to have unrestricted re-use
of the compensations, the law stated that compensations would be equal to the value of the damage
goods in the case of an unrestricted re-use and overvalued in the case of a reconstruction.
Applicants had to fill the "claim for damages resulting from facts of the war" forms, stating their
identity, the value and conditions of destroyed properties. The law also introduced a distinction
between several categories of damage: requisitions, in-kind taxations, occupation, war taxes
(category one); thefts, deterioration of harvests or movables (category two); deterioration of buildings
(category three); damage in zones near fortified towns and areas (category four); boats (category
five).

The receiver, bound by an oath of honor, had to provide several supporting documents (contracts,
leases, plans, estimates, survey reports, photos, invoices, etc.), as well as an overall estimate of
damages incurred. Files were then examined by the cantonal Commissions of Evaluation (consisting of five members lead by a magistrate), and next by the Cantonal Court of War Damage in contested cases. In the district of Sceaux (Seine-et-Oise; today Val-de-Marne), there were six commissions: Charenton-le-Pont; Ivry-sur-Seine; Nogent-sur-Marne; Saint-Maur-des-Fossés; Villejuif; and Vincennes, where they attempted to estimate the cost of compensation necessary to repair damage incurred by the 1918 air raids,[23] while maintaining social imperatives necessary to support inhabitants of these regions. At best, after the decision of the Cantonal Commission, the assignees received, between a few weeks and four months maximum, an initial payment of 25 percent of the compensation that they were entitled to. In other cases, for example in cases where reparations included unrestricted re-use without reinvestment, payments began only five long years after the decision of the commission. In these cases, compensation would be provided in ten annuities.[24]

To navigate the complex procedures accompanying compensation, private individuals were often helped by organizations, for example the Central Mutual Union of the Victims of the Damage caused by the War for the Support and the Defense of their Rights held under the patronage of the National Committee of Action for the Reparation. Its journal, the *Revue des dommages de guerre*, which was published for the first time in April 1919, assisted the victims of war damage by relaying evolutions in reparation legislation, provided advice, and published reports and petitions to inform readers attempting to secure compensation from the State.[25]

Individuals also grouped together within cooperatives, which was made legal in 15 August 1920.[26]

The State Facing its Responsibilities

To assume its responsibilities, the French state rushed to adapt to the new situation. As the country began to reconstruct at the individual level, it was also necessary for it to adapt at the national level. Two weeks after 11 November 1918, following the proposal of Étienne Clémentel (1864-1936), the then Minister of Trade, Industry, Agriculture and Work, the Clemenceau government founded a ministry of Industrial Reconstruction. This ministry was assigned to Louis Loucheur (1872-1931), the then head of the Ministry of Armaments, which was closed.[27] This decision fit into a lager plan which had begun in 1915 by the departmental and regional Committees of Economic Action[28] of which one of the objectives was to envisage and prepare for the post-war period. In the same spirit, seventeen regional interest groups were created in April 1919.[29] These were modeled off of the Chambers of Commerce, and were designed to ensure that the reorganization of the regions’ economy unfolded in an organized manner throughout the reconstruction. The key question at stake for was how to finance the reconstruction process.

Publications from 1919-1920 highlight convincingly that while future amends to be paid by Germany were going to be an important part of reconstruction, the state had an urgent need to fund immediate reconstruction efforts that could not wait. It was thus necessary to find subsidies in anticipation of the initial claims that were to come from the defeated. Following from campaigns that had begun during the conflict, the state launched a massive loan program called loans "of the peace" or "of the
reconstruction”. According to a variable calendar following the types of loans, the state made a commitment to pay off any borrowed sums from its citizens (with a substantial interest rate; 6 percent in 1920 for example). A classic propagandist speech from this period highlights the mood of solidarity and sympathy, evoking a "bruised France" where "everything has changed" and encouraging the population to balance the budget by limiting currency circulation and getting “[our] business in order, which will strengthen the national confidence”. Treasury bonds were also issued to allow the Banque de France to recoup financial flows, which were then reinvested in reconstruction. A new institution called the National Credit was designed to best manage incoming funds. This was a limited company whose shareholders were banks, but with managers appointed by the government. This semi-public establishment issued secured bonds from the state to pay for immediate reconstruction efforts at the outset, and later, to finance medium and long-term financial goals. From 1919 until 1924, it collected 25 billion Francs (to which were added funds granted by the Treasury) and in 1930, it had helped repair 70 percent of the damages caused by the war. These processes answered the financial needs of the state which were under pressure after the disaster. The archives of the Interdepartmental Court of the War Damage of the Seine, show that in the Paris region there were more than 20,000 reconstruction claim files. Some foreign financing was also used to help with reconstruction: for example in Craonne, where the city hall was rebuilt using a Swedish donation. Gradually, reconstruction came to have a positive effect on individual, the landscape and the State, but meanwhile, there were consequences for the French economy.

War and Reconstruction: Immediate and Medium Term Effects

A Possible Liberal Return?

After the immediate post-war period, the question of how to return the state to pre-war economic practices emerged. The primary concern was how to end the managing role of the state in the French economy and to reinstate economic liberalism. After a period of strict control over the economy for the benefit of the war effort (requisitions, consortiums, supervision of the production, etc.), there was a desire to return the state to "commercial and industrial freedom". This trend surfaced at the end of 1918, and the campaign for a return to economic liberalism was skillfully orchestrated by chambers of commerce and was eventually endorsed by Loucheur. Unlike his colleagues, the Minister of Trade, Clémentel, who favored corporatist groupings, and the socialist Albert Thomas (1878-1932), who favoured national organizations, Loucheur was hoping for a fast return to the orthodox methods of private initiative and competition. In the same vein, in February 1919, the Chamber of Commerce of Béziers stated: “There is no more reason for the merchants and the population to bear the considerable embarrassment resulting from prohibitions, limitations, taxations, monopolizations, and the economic dictatorship of public authorities and from consortiums”.

The words were harsh, but they highlight the impatience of economic actors who were stuck working within regional interest groups, (which were eventually transformed into economic regions), in which they were unable to advance their individual interests. These actors
were anxious to return to normal economic activity, after having undergone four years of "demonstrations of state control [...] and of ruling state employees who continue to hinder the commercial action of the country."[36] Loucheur, sympathetic to these arguments, put in place in December 1918, the first measures to liberalize the economy by removing limitations that had been placed on the market. Loucheur’s policies also strongly restricted price controls, and would guide the economic model supported by the National Block in the coming years.

Did Loucheur’s policies mean a full return to liberalism? Not really, because the state continued to intervene in the economy through the granting of allocations and of pensions, therefore regulating the everyday economic lives of ordinary citizens, which was the main concern of the French people.[37] Furthermore, because of the massive amount of destruction, and the decrease in productive capital, the French economy experienced heavy structural difficulties during the postwar years. Statistical indices also indicate a global reduction in the production.

**Getting the Nation back on Track**

In the agricultural sector, grain crops in 1919 were half the size of those from between 1910 and 1913. Beet crops were one-fifth of pre-war levels, while forage plant crops were only two-thirds the size of pre-war levels. In the secondary sector, economic performance was even worse because of the concentration of industrial activities in regions directly affected by the conflict (table 1). This engendered an economic backwardness despite some successes, mainly in industries having benefited from the military orders, for example aeronautics or car industry.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Industrial production</th>
<th>Metallurgy</th>
<th>Textile industry</th>
<th>Mining industry</th>
<th>Construction industry</th>
<th>Mechanic industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index in 1919</td>
<td>57%</td>
<td>29%</td>
<td>60%</td>
<td>44%</td>
<td>16%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Table 1: The difficulties faced by national industries in post-war France. The percentages are in comparison with Index 100 between 1910 and 1913.[38]

The national currency also faced numerous upheavals. At the beginning of the conflict, the Banque de France put an end to the gold standard convertibility and was forced, during the entire conflict, to print a large quantity of paper money: the circulation of bills increased from 6 billion in 1914 to 30 billion at the end of 1918.[39] In 1919, in a delicate climate of continued inflation coupled with the growth of reconstruction debt carried by the French, the Franc took a dive on the foreign exchange market, having been supported by American and British aids up until this point.[40] As shown by Denise Artaud, the long term effects of the war would continue to be suffered during the entire 1920s, because of compensation payments, and expenditures related to the reconstruction effort. In addition, there was the burning question of the national debt, combined with the precarious monetary situation. This set of circumstances pushed the French government to occupy the Ruhr Region in 1923.[41]
In this uncertain context, and in spite of the desires asserted by the nation’s economic leaders, the state had to intervene to insure the efficiency of the process of reconstruction and to protect the French people weakened by the financial crisis, and specifically the housing crisis.\cite{42} The Cornudet law of 1919, revised in 1924, named the State as the guarantor of the urban reconstruction: all cities of more than 10,000 inhabitants had to propose an urbanization plan that adhered to strict specifications.\cite{43} This was a crucial stage in the modernization of France, including the modernization of the urban grid, the urban appearance (art déco became very popular at this time, for example), and the interior comforts, including the installation of gas, running water, and the use of concrete in new construction projects. All of this modernization took place under the aegis of an influential and regulatory state. In certain sectors, in particular those the more affected by the conflict, the participation of the state increased, for example in the mining industry which was integrated into the public domain in 1919. In other cases, mixed companies were formed to manage properties seized from the Germans.\cite{44} In the financial domain on the contrary, economic orthodoxy prevailed. The authorities tried to halt the collapse of the currency by trying to return to pre-war practices of monetary stability. This period was also marked by a particular attention brought to strengthening the system of social welfare erected during the Belle Époque. From 1919 onwards, professional diseases (such as lead poisoning and mercury rash) were recognized for the first time, and in 1928, legislators set up a law establishing protections against the risks of disease, maternity and incapacity to work.\cite{45}

**Conclusion**

Despite efforts to reduce state control over the economy in the immediate post-war years, because of the necessity to support the economy through the delicate transition from war economy to peace economy in the context of inflation, monetary instability and a large debt,\cite{46} state interventionism continued into the 1920s. In general, practices that were followed during the conflict were continued, while attempts were made to encourage a socio-economic climate in which the privileges and activities of economic actors would not be hindered. Positively, despite the delayed arrival of compensation payments from Germany, the French economy grew at a steady average rate of 9.5 percent until the end of decade. This growth was supported by the demands of reconstruction, coupled with additional incomes granted by the state through compensation allocations and pensions.

In the field of the economic governance, the revision of the economic system was pursued according to sometimes contradictory currents promoted by the “neo-capitalists” and the “neo-union activists”, who were both promoters of the “rationalization” of the economy (that is the optimal development of the resources), but according to different methods. In the end, these debates had only a limited impact, for example, the creation of the Economic Council in 1925. It was only during the economic crisis of the 1930s, that minority voices from the 1920s in favor of a modernization of the managerial mode, began to be heard.
Notes

1. ↑ La France au travail pour réparer ses dommages de guerre 1923-1923, Gallica Bibliothèque Numérique, online: http://gallica.bnf.fr/ark:/12148/bpt6k5498821v%5D http://gallica.bnf.fr/ark:/12148/bpt6k5498821v, (retrieved: 1 August 2015).


7. ↑ See the Somme départemental section of the National Committee of Action Rapport de l’examen sommaire du projet de loi sur la réparation de dommages de guerre, 1916, Amiens 1916, Gallica Bibliothèque Numérique, online: http://gallica.bnf.fr/ark:/12148/bpt6k6129556w%5D http://gallica.bnf.fr/ark:/12148/bpt6k6129556w[http://gallica.bnf.fr/ark:/12148/bpt6k6129556w%5D, (retrieved: 1 August 2015).

8. ↑ Ducrocq, Maxime: La loi sur la réparation des dommages de guerre et son application pratique, Conférence faite le 24 avril 1918, Paris 1918, Gallica Bibliothèque Numérique, online: http://gallica.bnf.fr/ark:/12148/bpt6k6129555g/f1.image%5D http://gallica.bnf.fr/ark:/12148/bpt6k6129555g/f1.image, (retrieved: 1 August 2015).


20. ↑ Ibid., p. 65.


23. ↑ Dommages de guerre: dossiers de sinistrés, 1918-1934 (Val-de-Marne Departmental Archives 10 R 1-35 Tribunal interdépartemental des dommages de guerre de Paris).


29. ↑ Ministerial order. 5 April 1919, 07 April 1919, in: Journal officiel de la République française, p. 3657.


36. ↑ Ibid.

37. ↑ For more information, please see Files B 48908 to 48914, in: Pensions militaires. Anciens combattants, enfants infirmes, invalides, veuves et orphelins, victimes civiles, mutilés de guerre, France et empire colonial (1914-1961), the Centre des archives économiques et financières (CAEF), Savigny-le-Temple.

38. ↑ Sirinelli, Jean-François (ed.): La France de 1914 à nos jours, Paris 1993, p. 38.


44. ↑ Kuisel, Capitalisme et État 1984, p. 129.


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