

How economic planning worked under France's Charles de Gaulle

by Jacques Cheminade

The following report was made by Jacques Cheminade, president of the French Schiller Institute, on Feb. 28, to a seminar of Russian and Ukrainian representatives in Kiedrich, Germany.

Economics is not a matter of academic discussions about the good or the bad, but a question of life or death, of prosperity or hunger, of growth or disintegration. The experience of post-world war planning in France is a key example of how compellingly decisive such economic choices are. The planning approach had to be taken twice, not as a matter of taste or preference, but because it was the only way to guide a recovery. The first time was in 1947-53, to reorganize the very basis of the economy, and the second time was in 1958, to overcome the bankruptcy of the Fourth Republic and to end once and for all the Algerian war. In both cases, the idea of planning is associated with the name of Charles de Gaulle, who came to power at the *punctum saliens* of 1945-46, and again in 1958-59. Planning in that sense, can be seen as the response to that which threatens the very existence of the nation. For de Gaulle, it is the organized expression of the nation's will.

First, he says, our goal is the common development of everything we have on Earth, and for that we must band together. The only way to reach that goal is with a dirigist economy. This is the speech given in Lille, just after the liberation of France on Oct. 1, 1944. Dirigism, he continues, does not mean absolute rule by pre-established logic, because great human things are not ruled only by logic, they need an environment favorable to the subjective contribution from human hearts, "the caring attention of the whole country." Therefore, de Gaulle's conception of a dirigist economy is not a predefined path from a given order *A* to a given order *B*, but the voluntaristic bringing together of all national efforts to create the subjective conditions for that change, for that increase in the population's wealth and density.

Second, planning, in de Gaulle's terms, gives an elementary harmony to all national components, so that all social categories advance at the same time as the whole, so that each benefits from the general advance. That was said at a press conference at the Elysée [the presidential palace] on Feb. 4, 1965. France, he says, while securing the maximum possible freedom of choice, and while always favoring the

spirit of enterprise, acts in such a way that the particular interest is always compelled to submit itself to the general interest, so that the great sources of common wealth are not exploited and directed for the benefit of the few, but for the advantage of all. De Gaulle indicates very clearly: "We are not going to commit ourselves to the empire of liberal capitalism, and nobody can believe that we are ever going to submit to the crushing totalitarianism of communism."

In that view, planning establishes a "just contract" between the one—the whole—and the many—the individuals—for the advancement of the nation's productive powers and human knowledge. It is not a pre-defined, pre-established form imposed upon human knowledge, but it expresses a common commitment to increasing human knowledge in each and every person. Planning is the organized social process of that increase in human knowledge.

That is why de Gaulle's idea and the idea of the first French planning agency was that the national plan should never be imperative. Here we have an interesting paradox: a dirigist economy—I prefer to call it a "voluntarist" economy—with non-imperative planning. Imperative planning, à la the Soviet Union, was discarded because it smothers individual initiative. The use of the *ukase* [imperial decree] is the sign of a domesticated economy, de Gaulle once said, not a dirigist one. French "indicative" planning, which indicates the direction the nation should take, was therefore created to solve the paradox of the one and the many, of the freedom of the market and the authority of the state, as de Gaulle put it.

It is indicative and not imperative, but it is nonetheless a compelling necessity—it's more beautiful in French: "*une ardente obligation*"—for the whole nation and for each individual. Again, it's a paradox: You have something compelling, but the responsibility to define and to reach the targets is up to the free will of all the individuals involved in the process. In opposition to the Soviet model, this approach respects free will. And this is why it has often been described as a sort of educational process for the whole nation, based on the advancement of human knowledge. Increasing the cognitive powers of the population is the subject matter of planning; neither "figures" as such nor rates of increase, added up in a bookkeeping way, are the objectives.

This is a key question today, because such an approach is

precisely what Ukraine and Russia need now. If you take the “shock therapy” of the free market on the one side, and the great Soviet national plan on the other side, you notice that both violate the laws of the universe. The free market hides the invisible hand of a financial dictatorship, while Soviet planning hid the all-too-visible hand of the gangster *nomenklatura*. Both are based on looting and on primitive accumulation of not only human resources, but also of the human mind, and both are delivering the world over to the mafias.

The Gaullist approach, on the contrary, attempts to respect and to promote the individual’s capacity to create and to organize that capacity for the common good. I know that it will be a painful process to rediscover in Russia that the common good does exist. But this rediscovery, I am convinced, can only be accomplished in a directed dialogue around the successful historical experiences of economic growth. In that sense, you see the fundamental theoretical importance of Lyndon LaRouche’s books and conceptions for making breakthroughs from a set of theorems to a higher set of theorems, for exercising the gymnastics of human thinking, of human discovery. It is also important, as LaRouche himself emphasizes, to refer back to such relatively successful experiences as the French neo-Colbertist planning of the years 1946 to—listen to where it ends—1974.

The functions of planning

Let me go now into the functions of economic planning in a more precise way, to better understand what is at stake. First, planning defines the priorities of the nation, and within these, a hard core of absolute priorities—“*programmes d’action prioritaire*.” The First Plan (1947-53) was a postwar recovery in seven basic economic sectors—energy (electricity, coal), steel, cement, fertilizers, fuel, railways, and the beginning of a nuclear research program. These planning processes emphasized new physical principles leading to science drivers. Science drivers defined advanced technologies in a related way, which in turn go into industrial applications, developing those technologies. Science, technology, industry: This process was called in the French tradition, the “poly-technical economy.” It organizes the introduction of increasingly productive technologies into the economy. It’s not one technology, it’s a flow of technologies organized to maintain and increase the rates of growth.

I would like to mention here the way Louis Armand defined planning. Armand was a friend of Jacques Rueff and one of the two key advisers to Charles de Gaulle. Although he is little known, I think he is as important, if not more so, than Jacques Rueff. He says in his *Memoirs*: “My conception was to bring man to the frontier of action”; man is only man if he is at the frontier of knowledge and there, he can overcome his irrationality. One example he takes from the past is the discovery of the New World, the discovery of America. Henry the Navigator at Sagres, he writes, gathered together the manuscripts and the knowledge of his time in

order to map out the world and to rediscover it. And this made it possible for the expeditions of Columbus, Vasco de Gama, and Magellan to succeed. Our planning agencies today, he writes, should have that spirit of Sagres. That should be the basis of all planning, and we should put our population into frontier conditions, so that they are compelled to perfect themselves. They have to enlarge and to broaden the universe. The direct consequence of that thinking is the development of transportation on Earth through railways (Armand was head of the railways system in France—and the TGV [high-speed train], by the way, was his idea) and in space. Driven by space and railways, we can build a new Sagres as a planning agency, says Armand. The space launch facilities at Baikonur [in Kazakhstan], Kourou [in French Guiana], and Cape Canaveral should work together for the advance of mankind. Louis Armand writes: “What pertains to the cosmos has the power to steer the enthusiasm of very broad spectra of public opinion, as did great works of art in the past, literature, or religion, such as those which led to the construction of cathedrals.” Isn’t this a nice way to put the idea of planning?

Second, after setting the priorities, planning is an information center for the economic agents of the nation. Commissioner Pierre Massé, who worked under de Gaulle, says: “It’s done to reduce uncertainties.” It was also described as a generalized study of the market for the economy as a whole, the economy conceived of as a single productive enterprise. It was a pedagogical tool for all, for disseminating and comparing forecasts.

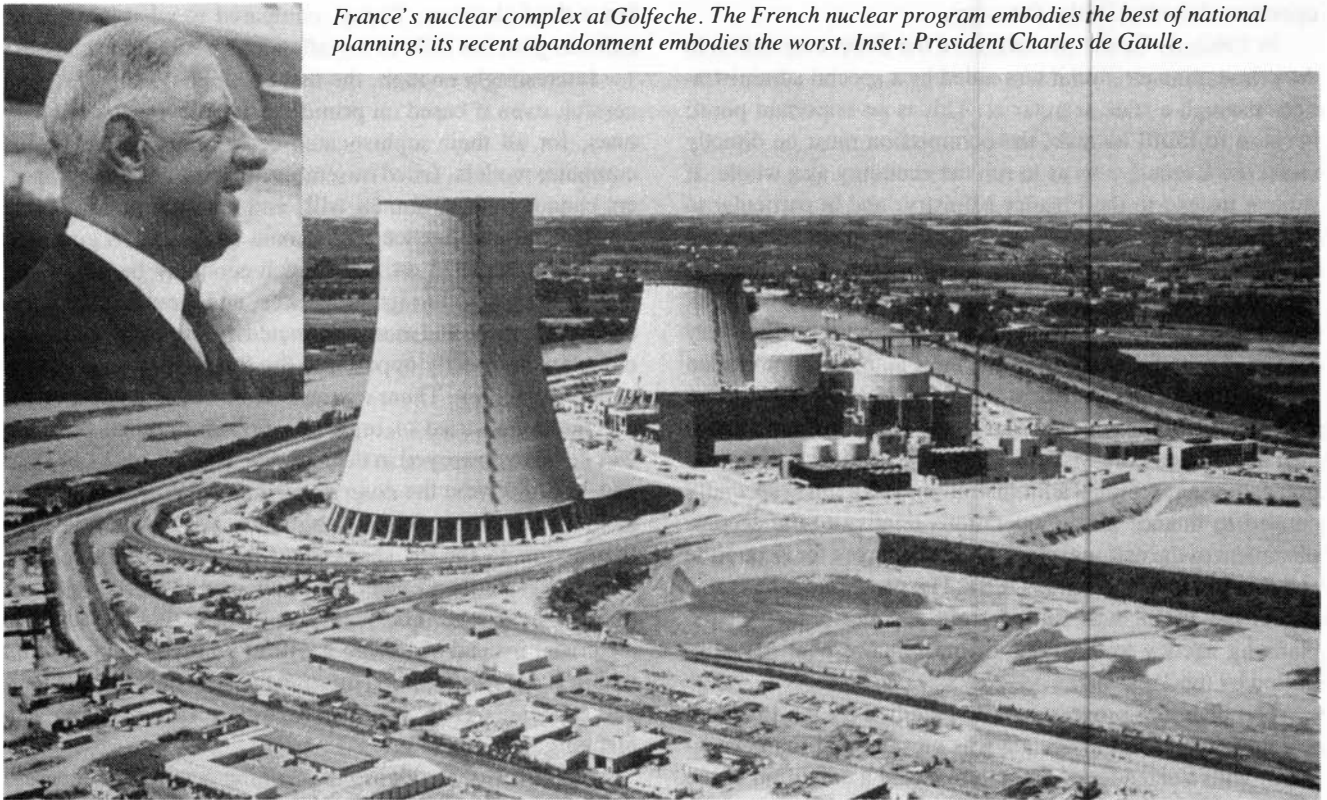
The third function was to plan studies on which to base long-term choices, especially for equipment and infrastructure. It’s very interesting to see how these things work. Planning, from that standpoint, was looked upon as the alternative to the futures market, and I think it’s a very important point today. If there is no planning to give guidance to the overall economy, the economic agents would instead turn to the futures market to cover their positions. And choosing the futures market would, in turn, create—instead of a collective study of what your economy has to become—financial speculation, because you speculate the money that you don’t have to cover your positions, and this creates a bubble. So, in that sense, planning was seen as in opposition to the speculative financial bubble, to the type of John Law bubble. Planning, because it reduces uncertainties and is based on the precedence of the whole, and not on greedy private interests, is anti-speculative by its very nature.

The fourth function was that of coordinating initiatives to bring about a harmony of interests for supporting the long-term and medium-term priorities of a nation, the just contract of the whole with the many.

Harmonizing divergent interests

It’s very interesting to look concretely at the First Plan in 1945. France was in a real political and economic mess.

France's nuclear complex at Golfeche. The French nuclear program embodies the best of national planning; its recent abandonment embodies the worst. Inset: President Charles de Gaulle.



There was a split between the economic power in the hands of right-wing employers, some having made a lot of money with the Atlantic Wall, and the political power wielded by the left wing, mainly communist trade unions and parties. De Gaulle's idea to solve the problem was to use planning as an instrument of *coincidentia oppositorum*, or as de Gaulle put it, "*les accords des discordes*" ("the agreements of disagreements"). To prepare the planning, a "generalized partnership" was organized and called *concertation* or "productive dialogue." They created working commissions made up of representatives of workers and employers associations, as well as some experts, to bring some order into the fights, and, of course, representatives of the administration. In that way, they managed to involve the Communist Party in the reconstruction of France in the 1945-47 period, which was a great accomplishment. For example, the Minister of Air and Aviation, Charles Tillon, turned out to be an excellent minister, who launched the whole aviation policy. (Six years later, he left the Communist Party.) In this way, through the work of a task-oriented community, national development became a habit.

The fifth function of the First Plan in particular, was to secure enforcement of the Marshall Plan. The period of the first French plan, 1947-53, corresponds to the timespan of the Marshall Plan. Why should an economic planning agency be needed for that? Because, first of all, the Marshall Plan implied an idea of an American domination, and second, it

supplied credits in a most heteronomic way. The central planning agency undercut American imperial conception in favor of a process geared to serving the self-interests of the French economy, because it ensured and organized the distribution of credit. Without that agency, the task would not have been possible, because there would have been no central entity face to face with the Marshall administration, which was no good. I think the economists of eastern Europe could learn from this lesson today. The approach we have of [Lyndon LaRouche's concept of] the Productive Triangle would also require the existence of a planning agency in each country, to ensure the well-ordered national distribution of credit, in the take-off phase.

The agency was created by decree on June 3, 1946, and its structure was not at all a heavy-handed bureaucratic one. It was a relatively light, brilliant, rapid deployment force of only about 200 persons, headed by a general commissioner. We are far from the Soviet model of a top-down administration in itself. The commission was an *administration de mission*, an administration with a mission to fulfill and not a specific set of things to accomplish. That makes a big difference. It had very little means, if any, of its own, but it was authorized to use all the means of the other administrations across the board. It was directly linked, at the beginning, to the head of the Executive branch, the President of the Council himself. Then, during the Fourth Republic, it was moved over to the Finance Ministry, more specifically under the

operational control of the Treasury.

In 1962, de Gaulle reestablished the direct connection to the prime minister, and it was aided by a special administration, through a state secretariat. This is an important point, because to fulfill its task, the commission must be directly under the Executive so as to run the economy as a whole. If subject instead to the Finance Ministry, and in particular to the Treasury, it gets drowned in a sea of financial conceptions. The Treasury in France, which manages the financial institutions of the nation, tends to have a malthusian outlook coherent with the world financial institutions, for that very reason. To avoid such a pitfall, the Planning Commission was put above other agencies, both in 1946 and in 1962, after de Gaulle's comeback to power. There are a lot of institutions attached to this commission—research, statistics, information gathering, regional administration, and a fund especially created to finance all the operations relative to the accomplishment of the national plan. This is the Front for Economic and Social Development (FDES). The problem, here again, is that the FDES was shifted from a direct branch of the planning agency to a service of the Finance Ministry controlled by the Treasury.

The planning process was first studied by the Planning Commission; then the agenda was presented to the government, with a calendar of preparations and a definition of the working commissions, some vertical, such as those concerned with economic sectors—steel, coal, nuclear—and some horizontal, on employment, education, foreign exchange, etc. Then, during the phase of regional concentration, the plans would go to the regions and these latter would give their views. Finally, the commission would submit a plan to be approved by the government and the Parliament, and a vote would take place in the Parliament. The Economic and Social Council, which represents the economic forces, of the nation, also gives its advice. Then there is a steady followup. In the beginning, the working commissions would meet every year to evaluate progress on the plan, but this was later stopped.

Decay set in after de Gaulle

This process gave a mission, or horizon, to the French nation and made Gaullist policies possible. Was it the best arrangement in the best of all possible worlds? Certainly not. It is a fact that the targets of the first five or so plans were rigorously met, that is between 1947 and around 1970, the end of the Fifth Plan. Then, from the Sixth to the present-day Eleventh National Plan, there has been a decay not only of the results of planning, but also especially of its spirit. The main reason is the end of the de Gaulle era. Planning is not an abstract, technocratic tool produced by some offices, but the weapon of a given, subjective policy. When that policy was abandoned under President Valéry Giscard d'Estaing and Prime Minister Raymond Barre, national planning remained, but it was no longer the brain of the nation; it was

but a dead skeleton. Today, compared to what it was, the national plan has little or no influence on economic choices.

Interestingly enough, the first economic plans were successful, even if based on primitive statistics, while the later ones, for all their sophisticated economic forecasting and computer models, failed miserably. The truth is that computers cannot replace human will, and national plans created by artificial intelligence will remain artificial. To go a step beyond, from 1975 on, the French economy became more and more open to foreign influences, and these foreign influences were more and more dominated by an Anglo-American monetarism directly opposed to the fundamentals of French national planning. There was an assault from outside on what de Gaulle had tried to organize. French national planning was de facto destroyed in the process. The oil shocks of 1973 and 1979-80 were the *coup de pied de l'âne*—the donkey's kick. The available donkey at the time was Raymond Barre. In reaction to the oil shocks and the related inflation, he imposed austerity to meet the challenge of world competition, as he put it. The idea was to have France adapt to the crisis, instead of having a willful policy generated from within France and applied through the national plan and budget process. As a result, adaptation destroyed French planning.

Moreover, the collapse in planning occurred in a period during which French foreign trade increased twice as fast as the Gross National Product, making the country more dependent on an "outside world" dominated by Anglo-American financial criteria. As a result, the French government lost almost all its ability to make decisions freely in the realm of monetary policy and exchange rates, for two interrelated reasons:

- It had to adapt to the European Monetary System (EMS) which favored finance capital over the labor force. The EMS, indeed, acted as a conveyor belt for the Anglo-American financial system, instead of as a promoter of a European industrial order.

- It agreed, through the decision of the Treasury, to let capital circulate freely, and to let that capital be invested in French bonds. As a result, one-third of the government debt and one-third of all investments on the French stock market were offered to foreign capital, which was then able to blackmail the French authorities.

These deliberate political choices explain the present prevalence of financial profit over productive investments, of a market order over the planning order, and of the invisible hand over the directed economy of Charles de Gaulle. Inside the French economy, the decay of the planning process went through three main channels:

- The hunt for profitable markets won over the fundamental needs of the economy, and, in private and public enterprises, the financial commercial functions became more powerful and better rewarded than engineering and technical competence.

- The complexity of the economy (interdependence of sectors and the proliferation of centers of decisionmaking), linked to the rise of commercial services, led to heterogeneity and therefore made planning more difficult.

- Over the last years, financial and political decentralization favored financial speculation (like that of the socialist mayors linked to the *nomenklatura*) and made planning almost impossible.

In that way, a financial assault from outside, combined with the social monetarism professed by [then-prime minister] Pierre Bérégovoy and his like destroyed the very essence of our planned economic management. Right and left agreed on that disastrous liberal turn: When the right wing came back to power in 1986, it purely and simply abandoned the Ninth Plan! Adaptation to liberal economics destroyed French planning, and no more thinking has been put into it since then, with the disastrous result that the state has lost almost all control of its economic machine.

The weaknesses of French planning

But it is not enough to just say this; we should go a step further to look into the weaknesses of French planning which made it vulnerable to outside shocks. The first problem was to wrongly define Gross National Product: It was based on a conception, not of physical economy, but rather of a liberal, monetarist economy. The very figures on which the Planning Commission based its work were opposed to the goal of national planning, that of bringing the national economy to higher orders of productivity and growth. So this GNP was established as the addition of added values. (If you buy cheap and sell dear, the difference is the value added.) The GNP puts into the same bag capital goods, means of production, and consumption goods from the physical economy, as well as useful services—such as education and research or public health—and activities that are not useful—such as casinos or financial corporations. The Table of Financial Operations (TOF) was included in the Gross National Product.

Basing estimations on such a mixed bag is obviously wrong. It has been the case in the last 10 years that the GNP has increased while the physical economy has shrunk, because of the rapid growth in services. Implicitly, an adaptation to a financial, service-oriented, non-productive economy was imbedded in the very figures of planning. That was the first problem. But there is more to it, and I would focus your attention on this second point, which is relative to LaRouche's work and to a typical Soviet problem.

This is the question of anomalies, of a non-planned event occurring during the course of the plan, an oil shock, for example. What do you do? The answer of French planning was to recognize the anomalies, but instead of integrating them into the planning, they considered them as threats, most of the time as outside threats. There was a principled Cartesian rejection of anomalies. I think this is a fundamental flaw of French planning.

Of course the French, being wise, were able to detect anomalies, and the people involved in national planning built in special "flashing lights" or "warning signals" precisely for that purpose. It was very useful, I agree. But what would they do once the anomalies were discovered? First of all, try to avoid them if at all possible or, if not, drop the national plan altogether, as Barre de facto did in 1979-80, when faced with the second oil shock.

It is very interesting to look at the metaphor used by the French planning agency. A space rocket was used to represent the economy, and its directed trajectory was the plan. When there was a deviation of the trajectory, the flashing lights were set off, the rocket was redirected according to the contingency plans, and measures were taken to bring the rocket back onto course. The state was considered to be the computerized pilot system that would bring the rocket back on track. This is mistaken and wrong. It amounts to an attempt to fit a non-linearly advancing universe into a fixed pre-formed mathematical system, that is, the trajectory of the rocket. Even if development is the explicit subject matter of planning, such a system reduces it necessarily to entropic development. Therefore, when changes were necessary, they were made against the spirit of national planning, or too late. Why? Because a shift in the basic parameters, like one produced by the oil shocks, by a political decision or by mutations in technology, changes the very interrelations established within the plan itself, interrelations between goods, materials, etc. When you change that, the so-called Leontieff tables used in France and elsewhere become inaccurate and useless. For example, a technology shift can transform the very nature of a process, making all previous calculations worthless. So, the problem at this point is how to take into account scientific breakthroughs, technology shifts, advances in industrial processes. For here, the very subject matter of planning, by fulfilling itself, turns against the linear foundations of the planning. That was the problem.

Jonathan Tennenbaum [chairman of the Fusion Energy Forum in Germany] said yesterday that you have a set of theorems, or of technological processes—*A, B, C, D*. If there is a fundamental discovery, they are unbridgeable in formal terms. National planning, because it is based on technological progress, has to organize leaps from state *A* to *B*, from *B* to *C*, etc. And this does not function at all like a rocket. Do you see the problem? So, how do you plan discoveries? How, from the set of theorems *A* which you are inside of, can you plan a more advanced phase, say *B*? How can you generate *B*? This is where we are today, and where the work of LaRouche has led us in economics.

Scientific discoveries, technological shifts, industrial development are needed to support and advance the development of human populations as a matter of life and death. There is no question about it; it has to be done. So, how do we prepare the conditions in a coherent way for them to

blossom? The LaRouche-Riemann model offers a first answer to that fallacy, or boundary point, of French planning. The answer to the paradox is to organize within *A* the highest levels of free energy (the energy above the level needed to maintain the given system functioning), to prepare an advance toward *B*.

Of course, in good formal logic, you cannot know what *B* is going to be like, but you do know that there is a necessary development toward something that you don't know and can call *B*. You don't know how to define the target, but you do know the directionality.

The question raised here is that of how the human mind itself changes its own characteristics of action. So you cannot know *B* in advance, but yet you do know that there is a higher order in the physical laws of the universe that "harmonically" leads toward that not-yet-known *B*: Remember that "human qualities," qualities proper to human beings and only to human beings, appear at boundary conditions, such as space exploration or mastery of technology shifts.

Hence the usefulness of the new generation of computers, not, of course, to "lead" the process, but on the contrary, to detect, within a given, relatively closed formal order, the coming of an anomaly, signalling the limits of that formal order. The flashing lights are useful, but the correction in the process of the unfolding planning cannot be automated; it requires a willful human intervention coherent with the directionality of the planning. Because only the human mind can face the challenge of an anomaly, take it into account and define accordingly a higher order of activity unbridgeable with the previous order. Planning does not exclude human interventions in the process in order to correct it. On the contrary, it should point out the decisive moments when such interventions are needed. Only the human mind can solve the paradoxes posed by the unbridgeable gaps.

On the subject of God

This brings us not only to the question of classical art, but to the subject of somebody very much involved in all that—I mean God. What is planning all about? It organizes creation, scientific discoveries, technological progress, industrial processes, the flow of *polytechniques*. And man creates when he works in the image of the Creator. Therefore it is lawful that planning bring in the subject of God as unavoidable. A technological shift, the product of discovery, brings one open-ended set of theorems to a new set, toward a new, more advanced physics. The name for this process is, as Leibniz said, *metaphysics*. And just as man can only know God negatively, the boundary conditions of planning appear negatively as so-called negations of the given set of theorems inside which we are at the point when this set of theorems doesn't work any more. At that point, the willful intervention of the human mind is required, to fill the gap. And the human mind alone can fill the gap because it is able to have an absolute as reference and to conceive, from the standpoint

of that absolute, a higher order in the physical laws of the universe.

This is not just a nice way to put things. It is a major scientific question, and I think in Russia and in Ukraine, it is set aside all too easily, which could have very bad effects. If you don't understand it and at least try to solve it, since it will never be solved forever, the economy rocket will always crash, just as all the economies of the East have done.

I invite my Russian and Ukrainian friends to read Lyndon LaRouche's essay "On the Subject of God," *the* real great planner. But don't misunderstand me. The earthly god of Soviet planning, or of French planning outside of the guidance of de Gaulle, is a bureaucrat, a master Chinovnik sitting at his desk, with or without computer, who not only does not like anomalies, but who punishes them, because they don't correspond to the way his machine works. Such a god destroys, and can only destroy since he is trapped in a given set of axioms which rules over some sort of *système du monde* à la Laplace.

The earthly god of free enterprise is the invisible hand of Adam Smith, an Olympian who manipulates human beings through their greed and instincts, to raise the beast inside man. He sees man as proceeding in a linear way, in what Leibniz calls consecutive processes. It is the God of the Wild West, not the God of Creation.

The true God is neither a malthusian nor a geopolitician. He's a constant point of reference, the living God of each moment of our existence, the absolute reference, which makes a human mind human and able to go beyond formal logic, able to understand the existence of a higher order of physical laws, a process known as metaphysics. Planning opened up to metaphysics, to non-Euclidean geometry. This is a challenge. Anomalies as points of creation should become the very subject matter of economics. This is neither abstract nor utopian. It is going to determine whether we achieve thermonuclear fusion and maintain the relative population density of the universe, making man morally fit to survive, or whether we exhaust our societies. It is, in more simple terms, the issue of morality behind the art of planning. *Agapē*, or Socratic dialogue, is the essence of economics.

Let me end this presentation by a quote from Wilhelm von Humboldt, in his "Internal and External Organization of the Higher Scientific Institutions of Berlin":

"The concept of the higher scientific institutions consists in combining in the most intimate way objective science and subjective culture. As soon as one stops to look for authentic science, or imagines that this science does not come from the depths of the human soul, and instead can be put together extensively through a collection of facts, then all is irremediably and eternally lost, lost for science and for the state. Because the only science that transforms and uplifts human character is that coming from inside and the care for the state, as well as that for humanity in general, is not knowledge and chattering, but character and action."