
Postwar Planning in France and Greece: An Essay in Comparison

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THERE IS NO DOUBT THAT THE FRENCH AND GREEK SOCIETIES of the late 1940s were very different. They differed primarily in the level of economic development, in the degree of political stability, and in the extent of their dependence on foreign assistance to achieve the reconstruction of their economies. The French reconstruction plan, the Monnet plan, is widely considered as the prototype of a new breed of planning, indicative planning, whereas the successive Greek plans of the same period have fallen into oblivion.¹

However, these differences do not render the comparison between the planning experiences of the two countries meaningless. Indeed, by the comparative approach we gain new insights into the process of post-war planning. Its main advantage is to enable us to transcend the limits set by the national schools of thought. As a matter of fact, historical research on the postwar period has taken diverging directions in France and Greece. The French historians have focused on the domestic issues, in contrast to their colleagues who are working on Greece and who have given particular attention to the impact of foreign intervention on the country's affairs. A conference on "France and the U.S.A.: Forty Years since the Marshall Plan," for example, is not very likely to take place in France, and despite the fact that the French historiography of this period is far richer than the Greek. Let us take three conferences on the postwar period, which took place in Paris during the last years. Their respective themes were "France on the Way to Modernization, 1944-1952," "Nationalization and New Forms of Worker Participation in the Management of Firms during the Liberation Period 1944-1951," and "Political Interests and Economic Objectives in the First Four Plans

¹To this rich literature belong, among others, W. C. Baum, *The French Economy and the State* (Princeton, 1958); S. Cohen, *Modern Capitalist Planning: The French Model* (Berkeley, 1969); J. and A. M. Hackett, *Economic Planning for the Market Economy* (London, 1969); R. Kuisel, *Capitalism and the State in Modern France* (Cambridge, 1981).

1946-1965.² The participants had made very few references to the international issues of the period and there was no paper dealing with U.S. policy towards France.

The French planners of the 1940s could claim a long line of forebears, which reached back to the first world war.³ During the interwar period, economic planning was advocated by the socialist trade unions and by some leftist groups, but it was refuted by the mainstream socialist party and the communists. At the same time, the authorities of Vichy elaborated the first official economic plans, which were doomed to remain without application. At the Liberation, the Resistance's program concerning economic planning failed to materialize because of the joint opposition of the politicians and of big business. Nationalization was the only item on the economic program of the Resistance which could be saved from the liberal rollback.

When eventually economic planning was adopted in 1946, it was for reasons other than the socialist perspectives of wartime. The current opinion among French historians is that the necessity of a plan was impressed upon General De Gaulle by Jean Monnet, the head of the wartime French supply mission in the U.S.A. According to this version, the main argument of Monnet was the need to present the Americans with a coherent program of economic action in order to obtain the much needed dollar credits.⁴ British historian, Mrs. Frances Lynch, thinks that the balance tilted towards the plan only when the Ministry of Foreign Affairs threw its weight behind the planners. The reason for its backing was that the plan was considered by the Quai d'Orsay as the chief instrument which would achieve economic and political supremacy of France over Germany. Indeed, the ultimate goal of the Monnet Plan was not social welfare. Economic development was presented by the planners themselves not as an end but as a means to guarantee national security.⁵ Nevertheless, despite the strong arguments in favor of this version, it is hardly taken into account by French

²Colloque "La France en voie de modernisation 1944-1952", Fondation Nationale des Sciences Politiques (Paris, 4-5 Décembre, 1981); colloque "Nationalisations et formes nouvelles de participation des ouvriers à la Libération, 1944-1951" (Paris, 24-26 Mai, 1984); Table Ronde "Enjeux politiques et objectifs économiques dans le cadre des quatre premiers plans, 1946-1965" (Paris, 24-25 Juin, 1985).

³This section is based on the book of R. Kuisel, *Capitalism*.

⁴A typical example of this school of thought is P. Mioche's "Le démarrage du plan Monnet: Comment une entreprise conjoncturelle est devenue une institution prestigieuse," in *Revue d'Histoire moderne et contemporaine*, 31 (1984) 398-416.

⁵F. M. B. Lynch, "Resolving the Paradox of the Monnet Plan: National and International Planning in French Reconstruction," in *Economic History Review*, 37 (1984) 229-43.

historians.

Greece lacked a "plannist" movement like the one in France. State intervention in the economy was a current practice in Greece after the 1929 crisis. But the state always acted on an ad hoc basis and never in accordance with a long term comprehensive policy.⁶ Even so, employers remained cautious about state intervention and the economists of that time were not prepared to legitimize it. As for the labor movement, it was beset with urgent problems which allowed no time to consider the possibility of economic planning. Greek intellectuals got rid of their inhibition to take on board those issues only during the Axis occupation, when the existing social order broke down and the dominant ideologies underwent a severe crisis.

Official bodies, as well as private circles, started competing with each other in the elaboration of more or less comprehensive plans for the postwar economy. The common factor of these plans was the rejection of the low prewar growth rates and the will to develop the productive capacities of Greece in order to achieve a higher standard of living. Capitalism and the free market were no more sacrosanct, and the projects provided for extensive state intervention in the economy, even for socialist solutions. However, without the dependence on foreign aid, these would-be planners would never have managed to impose their views on the employers and on the conservative politicians, who ruled postwar Greece. Indeed, the first time that a set of economic measures was called a plan, or more precisely an industrial program, was in the spring of 1946. The program consisted of a list of industrial installations compiled in a hurry to be presented as the Greek claims on German reparations at an Allied conference held in Brussels. The list was based on preparatory work by a small commission of engineers in the Ministry of Public Works. Their proposals were discussed at the Chamber of Greek Engineers and they were eventually enriched by the suggestions of other ministries.⁷ In July 1946 a Reconstruction Board was created and it was charged with the mission to prepare a plan to be presented to the Import Export Bank of Washington. The former minister of Public Works, Anargyros Dimitracopoulos, was named chairman of the board. Ten senior civil servants and two university professors flanked him. They presided over an impressive staff of civil servants and consultants from the private sector. This collective work materialized in a Reconstruction Plan published in 1947, which had never

⁶M. Mazower, "Οικονομική πολιτική στην Ελλάδα, 1932-1936," in *Βενιζελισμός και Άστικός Έκσυγχρονισμός* (Iraklion, 1988).

⁷Published in *Τεχνικά Χρονικά*, a periodical of the Chamber of Greek Engineers (Τεχνικόν Έπιμελητήριο των Ελλάδος), 23 (1946) 1-27.

been adopted by the government, whose attitude towards the Board was, from the beginning, ambiguous.⁸ So, in the summer of 1947, a new body was created, the commission of the Marshall Plan, to formulate the Greek demands which should be presented to the Committee of European Economic Cooperation. The result of this proliferation of planning bodies was that in 1948 nobody knew which was the official Greek plan and which was the responsible planning authority.⁹

It was under direct American pressure that a new Superior Reconstruction Council was created in 1948. The former planning agencies, as well as the Superior Economic Council, an advisory body created in 1930, merged with the new council, which therefore became the sole Greek authority charged with the plan. Moreover, the Americans secured the nomination of Constantinos Doxiades at the head of a special section in the Ministry of Economic Coordination, which was trusted with the supervision of the implementation of the plan. These arrangements lasted virtually until the end of the Marshall Plan.

The choice of Constantinos Doxiades by the Americans was motivated by the same kind of arguments which made them trust Jean Monnet. The U.S. had committed itself to save bourgeois Europe. But this general aim did not exclude a profound contempt for the European ruling class. As a result, there was a search for new men, possessing technical skills but lacking political roots, who were imposed upon the political class and defended against it. These "technocrats" had to act as the privileged intermediaries between the U.S. officials and the local authorities. Nevertheless, there is a significant difference between the Greek and the French case. In France, what really mattered was the plan. Monnet, the French connection of the U.S., acted on the planning level. The implementation of the plan was an internal French affair and was carried out by the French authorities without American participation. In Greece, the government had never managed to persuade the Americans of the merits of its long-term economic objectives. For the Americans, the Greek plans did not really matter. What was important for them was the efficient management of their funds in day to day operations. Not surprisingly, Jean Monnet's opposite number in Greece, Constantinos Doxiades, was primarily active as an executive and not as a planner. Another difference between the two men is that Monnet evolved from the private sector to the administration,

⁸Οργανισμός 'Ανασυγκροτήσεως, *Πρόγραμμα 'Ανασυγκροτήσεως της Χώρας* (Athens, 1947).

⁹Αρχείο Δοξιάδη, *Έργα* 1947 Α, φ 183-87, "'Εκθεσις ἐπὶ τῆς ἀναγκαίας ἐργασίας διὰ τὴν διατύπωσιν Σχεδίου 'Ανασυγκροτήσεως τῆς Χώρας" submitted by C. Doxiades to the Greek Prime Minister on the 4. 9. 1947.

whereas the much younger Doxiades followed the opposite direction.

Doxiades was an architect and town planner with remarkable organizational skills. Shortly before the war broke out, he entered the Ministry of Public Works as head of a new town planning section.¹⁰ During the Axis occupation, his section was charged with the study of the postwar reconstruction of the destroyed Greek cities and villages. Despite the hard conditions of that time, Doxiades managed to gather around him an important staff and draw up plans for most of the major Greek cities. His papers of that time show that he expected the realization of his plans to take place under some kind of socialist regime.¹¹ At the Liberation, he probably had clearer views about the requirements of the reconstruction process than any other person in Greece. Already in the first days of the Liberation, he submitted to the government, and probably to the Allied services too, a memorandum on the need to create a "State Rehabilitation Council" and a "Coordinating Planning Committee" to coordinate the use of foreign assistance and the reconstruction efforts. He continued to flood the ministers with memoranda throughout 1945. In the spring of that year, he was assigned to the Greek delegation to the General Assembly of the United Nations which took place in San Francisco. On his way to America, he visited Paris and London and collected information on reconstruction and planning matters. In Europe, as well as in the U.S.A., he acted feverishly to inform public opinion of the destructions suffered by Greece during the war. At the same time, he established his reputation among the Allied services dealing with Greece as the best man to tackle the reconstruction problems.¹² At the end of the year 1945, he entered the Sophoulis government as undersecretary for Reconstruction, charged with the housing problem. Doxiades regarded his ministry as second-best solution and continued to advocate the creation of an autonomous Reconstruction Board. When the Board was eventually created in July 1946, he became a member and was trusted with the housing sector. Doxiades reached the summit of his influence in August 1948 when the administration's inability to absorb the aid quotas earmarked for Greece under the Marshall Plan led the Americans to impose upon the government a Coordination Service of the Implementation of the Reconstruction Plan at the Ministry of Coordination, with Doxiades as its head.

¹⁰Ibid. *Έργα* 1944, φ 32, "Σημείωμα γιὰ τὸ Γραφεῖο Χωροταξικῶν καὶ Πολεοδομικῶν Μελετῶν," undated (October 1944d).

¹¹Ibid. *Έργα* 1944, φ 7-23, "Πρόχειρο σημείωμα γιὰ τὴν πολιτικὴ τῆς κατοικίας," undated, probably written between April and July 1944.

¹²On the activities of C. Doxiades during his mission in France, Britain, and the U.S.A., see the *Αρχείο Δοξιάδη*, *Έργα* 1945, items No. 10-36.

Doxiades maintained his post until the end of 1950.

Although the Greek and French planners benefited from similar circumstances to impose their views, they differed sharply in their philosophy and methods. The French plan is presented in less than two hundred pages resolutely oriented towards the future. It starts with a lapidary assessment of the present situation in France and it enumerates the sub-processes of the global modernization process which was needed to secure the economic and political independence of France. Although in many respects it can be considered as an early application of the modernization theories, it did not oppose the brave new world to the traditional past. The problems to be tackled lie in the present, and future modernization is needed to regain the international standing of the past. These principles sought to persuade the French, rather than the foreign donors, of aid.¹³ For the Greeks, the past meant poverty and dependence. The reconstruction plan did not aim at a mere restoration of the past but at the development of the as yet unexploited economic potential of the country. Nevertheless, the planners on the Reconstruction Board gave the description of the past the same attention they devoted to the depiction of the future. In the Program of 1947, each section covered a hundred pages, with another hundred pages dealing with miscellaneous technical matters. It is clear that the Greek planners tried, above all, to persuade the foreigners of the Greek economy's inability to achieve the task of reconstruction without foreign aid. The same reasoning lies behind the lengthy introductions of the Greek memorandum submitted to the CEEC in 1947 as well as of the "Provisional Long-Term Program for Economic Reconstruction" presented to the OEEC in November 1948.

The differences in the planning methods are related to the diverging philosophies of the planners. The first version of the Monnet plan did not enter into details about how to finance the projected investments. The objectives and the resources were indicated in physical quantities and in man-hours of work. The provisions were more precise only for the first of the four years of the plan. (The political meaning of this apparent flaw was that the plan was a purely French enterprise and its realization was to proceed independently from foreign aid, albeit that the latter would greatly alleviate the task.) The estimates for the period 1945-1952 show that American aid and other foreign loans to France never exceeded 20% of total public expenditure. Their percentage in the total investment financing was even lower. Estimates of this

¹³"Rapport Général sur le Premier Plan de Modernisation et d'Equipement" (Paris, Novembre 1946-Janvier 1947), chapter 1.

kind push historians like Jean Bouvier to say that the American aid was only of secondary importance, a mere complement to a considerable national financial effort.¹⁴

In contrast, the Greek planners considered the American aid as the independent variable of the plan, the total amount of investment and the Greek financial contribution to it being revised downwards each time there was a cut in the amount of aid. The American aid was the "deus ex machina" which would pull the Greek economy out of its secular stagnation without altering the social equilibrium.¹⁵ The aid should have benefited all sectors of the economy, and the plan provided for investments in all of them. The other side of the coin was that the equitable treatment of all economic sectors diluted the means of the plan and hindered a breakthrough in the dynamic sectors. In France, the plan provided for investment only in six basic sectors (coal, iron and steel industry, cement, electricity, transports, and agricultural machinery) under the assumption that the rest of the economy would follow. We can witness a similar approach in the economic program of the Communist Party of Greece as presented at the 7th Congress of the party in October 1945 and in the book of D. Batsis, "The Heavy Industry in Greece."¹⁶

Nevertheless, there is a hard core which is the same in all plans. It is the project for the development of electricity production. In France, electric power production was the basic sector in which the aims of the plan were most fully realized. In Greece, too, the first four electric production plants of the postwar period were the only significant achievement of the plan, even if this realization fell far short of the initial objectives.

The electricity sector also occasioned the most serious clash between the Greek planners and politicians and their American counselors. Until then, the Greeks had accepted the watering down of their initial aims by the Americans, but could not let the last chance to obtain a major industrial infrastructure fade away. All Greek leaders of the time could subscribe to this statement of an exasperated Doxiades in Washington on the 8th of March 1950: "It does not matter to me what kind of

¹⁴F. Bloch-Lainé et J. Bouvier, "Sur l'investissement de Reconstruction-Modernisation au temps du Plan Monnet," *La France en voie de Modernisation, 1944-1952*, Colloque de la F.N.S.P. (Paris, 4-5 Décembre, 1981).

¹⁵X. Zolotas, economist and member of the Superior Reconstruction Council, called the Marshall Plan "deus ex machina" in his *Ανασυγκρότησις και Βιωσιμότης* (Athens, 1948).

¹⁶N. Zachariades, "Η σημερινή κατάσταση στην Ελλάδα και τα προβλήματα της Λαϊκής Δημοκρατίας," Report presented to the 7th Congress of the C.P. of Greece held in Athens on the 2nd of October 1945.

industry you finally agree upon for us, but we need industry, and in order to have industry, we have to get electricity."¹⁷ The focus of the criticism was on the deal between the Greek government and the American company Ebasco, which was to act as the technical adviser to the Greek government and the Public Power Corporation. The conditions of the deal, as well as the performance of Ebasco, were widely discussed and criticized in the Greek parliament and in the press.¹⁸

It was not the first time that American policy on Greek reconstruction came under attack. The new element in the debate over the Ebasco deal was the intervention of the modernizers, like I. Zигdes who, until this time, had supported and collaborated in the planning activities. Until then, the modernizers and the center left opposition put the blame for the shortcomings of the plan on the government and the Greek authorities. They did not criticize the Americans openly and they merely accused them of following the advice of inept Greek counsellors. But from 1949 onwards, it became obvious that the Americans viewed the economic development of Greece in very different terms than the Greek economists and politicians. The country study on Greece by the ECA in February 1949 helped to dispel the last illusions in this respect.¹⁹ There it was blatantly stated that Greece had to look to the development of light industries and agricultural production and not to the development of heavy industries. Even the exploitation of water power was viewed as a prerequisite for the further development of agriculture and not of industry.²⁰ The American doubts about the prospects of the Greek industry have to be seen in a wider European context. The ultimate goal of U.S. policy was a unified European market. ECA's staff believed that the only sectors of the Greek economy which could compete with the European producers were agriculture and light, mostly food processing, industry. The European perspective helps also to explain the more benevolent attitude of the U.S. towards the industrial projects of the Monnet plan. There was no doubt among the American policy makers that France would remain one of the industrial pillars in the new European system.²¹ At the same time, ECA's report on Greece called up some older grievances nourished by the Greek political class against the Americans. Greece in the 1940s had surely been

¹⁷ Αρχείο Δοξιάδη, "Εργα 1950, φ 60. Handwritten memorandum on a lecture held before the Industry Division of the ECA on the 8th of March 1950.

¹⁸ See "Εφημερίς των Συζητήσεων της Βουλής, 1950, pp. 337-49.

¹⁹ ECA, "Greece-Country Study-ERP," United States Government Printing Office (Washington, D.C., February, 1949).

²⁰ Ibid. p. 28.

²¹ F.B. Lynch, "The Political and Economic Reconstruction of France, 1944-47, in the International Context," unpublished dissertation, (University of Manchester, 1981), p. 319.

the European country where the survival of the social regime depended to the greatest degree on American aid. It was probably also the country where the political and social beneficiaries of the aid voiced the loudest criticism against the conditions attached to it.²²

However, a wholesale critique of American aid was only formulated by the outlawed Communist Party. The dissenters in the bourgeois camp never pushed their argument so far as to refuse the principle of American aid. They focused their criticism on some important, but still isolated, points, like the Ebasco deal. The other major points at issue concerning the plan were the use of the counterpart funds, the fiscal policy, and the role of the commercial banks in the distribution of the Marshall Plan credits to the private sector. The counterpart funds, that is, the amounts in drachmai corresponding to the dollar value of the goods imported under the aid agreement, were, from the beginning, used in Greece to cover the budget deficits of the civil war period.²³ The amounts left to cover the drachma expenses on the reconstruction works were correspondingly diminished and, as a result, the progress of the works was slowed down and the credits for foreign equipment could not be used in time. The whole planning process suffered delays used by the ECA and the OEEC as an argument for further cuts into the aid earmarked for Greece. The Greek politicians and the AMAG were at odds with each other on how to solve this problem. For the Greeks, the solution lay in more aid in order to dispose of more counterpart funds, whereas the Americans asked for higher taxation of the economically stronger members of the society. The Greeks answered by pointing to the general poverty of the country, which could not bear an additional burden. Sometimes they reminded the Americans that Greece had never fought a war in the 20th century relying exclusively on its own means.²⁴ It was understood by this remark that the civil war was an American war, too. In France, too, the policy makers recognized very soon that the counterpart funds constituted a formidable weapon in the hands of the Americans. We know also that the American expert R. Nathan was the first to draw the attention of

²² The resentment of the Greek right was already expressed during the parliamentary debate for the ratification of the agreements concerning American aid. See the proceedings in D. Sfaellou, *Έλληνοαμερικανικά Συμφωνία* (Athens, 1949).

²³ Formally the Greek state borrowed from the Bank of Greece and the Americans froze the equivalent amount of counterpart funds in an effort to check monetary inflation. See ECA, "Greece-Country Study 1948," pp. 22-24.

²⁴ Αρχείο Δοξιάδη, File *Υπόμνημα Διομήδη - Έκθεσις Hoffmann*, "Υπόμνημα της Έλληνικής Κυβερνήσεως επί του Οικονομικού Προβλήματος της Χώρας επιδοθέν εις τόν ειδικόν αντιπρόσωπον τών Η.Π.Α. διά τό Ε.Π.Α. κ. Harriman κατά Δεκέμβριον 1948."

the French to the inflationary character of the plan. It is also accepted that American pressure was instrumental in shaping austerity policies, like the Mayer plan in 1948.²⁵

The other issue concerned the bank which was to handle the credits extended to private industry under the clauses of the Marshall Plan. The Americans were hostile to the suggestion to have the funds channelled through the commercial banks. They preferred the National Mortgage Bank, which was entrusted to handle those credits by the convention of the 30th of March 1948.²⁶ The choice of the National Mortgage Bank was considered, at the time, a disavowal of the biggest Greek bank, the National Bank of Greece, which coveted the same position. Seen within the Greek context, the issue looks like another episode in the efforts by the foreign lenders of Greece, originally the British and then the Americans, to keep the use of their funds out of the control of local big capital. Nevertheless, the same occurred in France, where the semi-public Credit National acted as the sole intermediary.²⁷ Eventually the National Bank of Greece, supported by the government, managed to obtain in April 1949 a revision of the initial convention, which enabled all banks to handle the American credits. However, from a total amount of U.S. \$100 millions which was extended to private industry, nearly two thirds were channelled through the National Mortgage Bank.²⁸

The hostility of the business world to any kind of economic planning and the disappointment of the modernizers with the concrete results of the reconstruction plans explain the facility with which the experience was abandoned in Greece once the Marshall Plan ceased. In France, too, liberal reaction obliged the planners to adopt a low profile after 1952, although new plans were being elaborated.²⁹ Only in the 1960s was public interest in the plans revived. In France, the revival was due to the voluntarist policies of the De Gaulle period, whereas in Greece, it was obvious that the preservation of social peace required a more substantial economic growth. In both cases, the internal tendencies were enhanced by a shift in policy in the major capitalist

²⁵R. Kuisel, *Capitalism*, p. 234, note 65; P. Mioche, "Le démarrage," p. 406.; and G. Bossuat, "Le poids de l'aide américaine sur la politique économique et financière de la France en 1948," *Relations Internationales*, 37 (1984) 17-36. See also, by the same author, "L'aide américaine à la France après la seconde guerre mondiale," *en XXème siècle*, 9 (1986) 17-35.

²⁶K. Arliotis, "Ιστορία της Έθνικης Κτηματικής Τραπέζης της Ελλάδος" (Athens, 1979), p. 236.

²⁷G. Boussuat, "Le poids," p. 35.

²⁸K. Arliotis, "Ιστορία," p. 238.

²⁹R. Kuisel, *Capitalism*, chapter 9 and P. Bauchet, "Le plan dans l'économie française" (Paris, 1986).

countries, which were espousing some kind of medium-term economic planning.³⁰ The process waned again in the 1970s to gain a new momentum at the beginning of the next decade, when in both countries the socialist parties came to power. The obvious popularity of the plan was due to the fact that, from the beginning of the 1950s, economic development was no longer a matter for specialists and it became a general aspiration. For the average man, the plan was associated with economic development, which was thought to represent increasing opportunities, a less austere fiscal policy, and rising incomes. The principle of popular participation, on which the socialists sought to capitalize, played a lesser role in this phenomenon. The failure of the expansionist economic policies in both countries again brought the plans into discredit.

³⁰S. Lieberman, "The Ideological Foundations of Western European Planning," *The Journal of European Economic History*, 10 (1981) 357,371.