

# If France had followed Paul Cauwes, World War I could have been avoided

by Jacques Cheminade

*As the author developed in an EIR feature in the Dec. 13 issue, entitled "Will We Repeat the Blunders That Led to World War I?" it was the retreat of the French political leadership in the 1890s from a head-on challenge to Great Britain's imperial designs in Africa, as well as to British free-trade ideology, that set the world on the course to World War I. The passage below is adapted from a three-part article written for the French newspaper Nouvelle Solidarité, "Fashoda, When the Storm Clouds Brought the Storm," translated from the French.*

The tragically unrealized potential of the French "American System" faction was exemplified by the government of Jules Méline, prime minister of France from April 29, 1896 to June 15, 1898. This was an exceptional political longevity for that era—almost 26 months.

In 1896, French capital was not yet inalterably oriented toward ground rent and overseas investment. A great industrial and agricultural mobilization was still possible—one which could have turned France toward the productive economy of peace and a system of mutual economic development on the European continent. The railroads of Méline's Foreign Minister Gabriel Hanotaux, instead of becoming the means to move troops rapidly toward the front, could have become the bearers of economic growth in the heart of Europe.

That promise was thwarted after, on June 14, 1898, the first Anglo-French accord over Africa was signed. This was a general convention delimiting spheres of influence and covering the length of the continent, from Senegal to the Nile basin. One day later Méline's government fell, and Gabriel Hanotaux left office permanently. Later that year came the French humiliation at Fashoda that ended the dream of a trans-Africa railway.

If Méline had been able to consolidate power, the force which he represented would not have been sidetracked into the conflicts which he considered to be "weakening"—anticlericalism, monarchism, militarism, or colonialism. Jules Méline was the president of the Customs Commission in the National Assembly, and also president of the Association of French Industry. The speech he gave on May 19, 1893 at the Palace of Consuls in Rouen is a vigorous and documented broadside against British liberalism and free trade.

Méline explained how the general tariff of 1881 and the

tariff conventions of 1882, which had reduced customs duties across the board, had threatened to ruin French industry and agriculture. "The industries sacrificed by the treaties have continued to vegetate at a miserable level," he asserted. He showed how, in the name of national production, he and his friends in industry and agriculture had succeeded by 1893 in at least "arresting the victorious march of free trade."

To "save the nation's agriculture from an irreparable disaster," they had passed protective laws for the sugar-refining industry, livestock, and wheat, in 1884-85, and in 1892 passed a new "safeguard tariff" for agriculture and industry which "increased the minimum tariff by some 25-30% over the previous tariffs established by the convention." Méline lambasted "the general staff of free trade which is in Paris. It is made up of the bigshots of finance, the big importers and speculators who work with foreign products."

He attacked the pro-British media: "The masters of the financial markets, the free-traders . . . have possessed themselves of the major press in order to operate on public opinion. . . . That is their power. . . . Our Association of French Industry, on the other hand, is in a miserable state." He proposed, then, to create a major daily political and economic journal, capable of defending "the national economy," a "Republic of work and progress."

Méline and the industrial party around him had well learned the ideas of the great German economist Friedrich List. It is to these far-sighted men that France owes, in great part, her relative progress at the beginning of the twentieth century. The harshest enemies of British liberalism, they were doubtless were among those who understood it best in Europe. Their inspiration was a professor of political economy, Paul Cauwes, who was the president of the national Society of Political Economy, while Jules Méline was its honorary president.

## 'The National Economy' of Paul Cauwes

In his note published by *The Review of Political Economy* on Jan. 12, 1898—in the era of Prime Minister Méline—Paul Cauwes brilliantly situated the ideas of List in the European and French context.

He first attacked the "doctrinairism" which came from England and for which "political economy is a science of things, and not of man." This "liberal school," he continued,

had committed the error “of applying purely logical reasoning to the science of economics.” He saw its origin in the work of Quesnay and Adam Smith, with an optimistic tone in the beginning, when ground rent or financial profit was safe. Then, necessarily, this method of thinking became “pessimistic,” because it did not take into account the production of goods, or life, but only the revenue from things which already existed, and which necessarily diminished with time. Cauwes saw two “pessimist” schools deriving from this initial matrix. The one which was more properly liberal and

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financial, was that of Ricardo and Malthus, leading directly to “contemporary malthusianism.” The other school deriving equally from the analysis of Ricardo and Smith, led to a battle for the possession of things, which destroyed the solidarity between those who produced them; that was the “school of Proudhon, of Lassalle, and of Marx.”

To these two schools—apparently opposed, but in fact two branches of the same stem—he contrasted in the nineteenth century the efforts of “Carey and of List.” This was the “principle of the union and solidarity of the productive forces,” and “at the same time the principle that governments have the mission to protect [the productive forces] against all perils, from within or without.” Cauwes underlined that this “school of national economy” had as its name “mercantilism, held today in such low esteem,” even though it was “at the root of the existence of our industry and our agriculture.”

In a century in which Jean-Baptiste Say had so popularized free trade and liberalism in France that he had made of it “the only possible doctrine”—like today’s “market economy”—Cauwes showed that France’s real tradition was the opposite, preceding and nourishing the work of Friedrich List: “National political economy is, in fact, the taking up again of a truly French tradition. France is the country of Sully and Laffemas, of Henri IV, of Richelieu and of Colbert.” He cited, too, Galiani and the inquiries of Antoine de Montchrétien on the various branches of production, underlining that this step rested on two notions:

- “The unity of the national economy,” the perception of the nation as a single productive enterprise;
- And the “necessity of intervention by the public power, in the interests of the economic production of the country.”

This is because, for Cauwes, “free initiative and governmental action are not antagonistic.” “There remains to the state a role which is great enough; that of arbiter and moderator among opposed interests, that of the protector of our industries against unfair competition, of centralizer of economic information, of creator of its own supplementary organizations to stimulate and support courageous entrepreneurs.”

It is this conception which is fundamental—that of the state as “defender of national labor” which must “maintain the workers in a continual state of productivity”—for this is utterly opposed to the liberal thesis, that “liberal school which has sown among us the idea that the state is a necessary evil.”

### **Transportation is productive**

The debate was particularly lively on the question of railroads. The pro-Rothschild faction of Raynal, Rouvier, and Say handed them over to the corporations, conceiving of the railroads as being a punctual “service,” as fixed-price transportation of merchandise and of passengers from one place to another, belonging “naturally” to the financier interests.

Cauwes went to the heart of the debate, even though to do so he had to contradict Carey, to whom he nevertheless gave “the title of the best economist of labor.” For him, “the industry of transport” was not a “service,” but a truly “productive industry,” for “production consists in any and all actions of which the effect is the movement of material.” He included in this the transport performed by the extractive industries, which searched for minerals in the earth, and “transported” them to factories.

He also believed that transportation should not be left to the financial interests, which could not see in transportation its long-term “profitability,” its infrastructural impact. In a report of November-December 1895, Cauwes asserted that “the nationalization of a specific branch of industry” might become necessary, under conditions in which “we discern in that branch the character of service to the collective interest.” When an industry was menaced by financiers’ control, the state must intervene to assure the priority of industry, diffusing its effects throughout the entire economy.

Cauwes concluded by proclaiming his absolute opposition to the “school of Smith”: “a national economy based on other perspectives and other expectations than the program of buying as cheap as possible, and selling as dear.”

In his *Course on Political Economy*, printed in 1893, he defined the object of his study as being “the science of managing private firms and states”—the notion of the national economy which is encountered in Friedrich List. The object of this science is to realize “the productive power of labor,” which “is not the result of the qualities inherent in things,” but “varies not only according to the state of the industrial art, and advances in mechanical processes, but also

with the energy of the individual, with family morals and customs, with national traditions, and according to social combinations—division of labor, association: everything which can constrict or reinforce industrial relations.”

It was from the standpoint of this active notion, which defines economics not as a “science of things,” a dead logic, but as a science of the production of things, of “human creativity,” that Cauwes attacked Herbert Spencer, Huxley, and Bagehot, “the chieftains of this new school in England whose precursors were Cabanis and Gall.” He demonstrated that Spencer’s theory—the Victorian ideology of “social Darwinism”—leads to a “biological sociology,” to a pure “social determinism” which “has no place for free will.” “A modern theory,” he said, “which is connected with, on the one hand, the utilitarian doctrine of Bentham and John Stuart Mill; and on the other, with the Darwinian theory of evolution, assimilating social science to biology; that would be a simple natural science governed by the laws of matter.” He asserted that this British school, no matter what it claimed, was in the process of placing human behavior on the same level as that of the animals.

Cauwes demonstrated the malthusians’ bad faith, even according to their own terms: “The absolute doctrine of free trade is found among the same economists who hold to Malthus’s population theory, so narrowly nationalist. . . . For the markets, the territorial boundaries of states do not count, whereas, when it comes to the means of subsistence, one must tremble before the menace of overpopulation.”

Finally, in analyzing the systematic anti-natalism of John Stuart Mill, he laid bare the foundations of the British system: “To penalize population growth . . . is an eccentric opinion; if we admit that population is not regulated by free decisions, there is, logically, only one institution which can contain or increase changes in population—and that is slavery!” (Volume II, page 63 of his *Course on Political Economy*, 1893, Larose and Forcel, editors.)

As opposed to these fixed conceptions—relations of slavery between human beings or between countries—Cauwes elaborated his conception of the self-development of nations: “Nations are in the continual act of transformation, of development; it is therefore inaccurate to suppose them to be passive and immobile. . . .

“Normal nations (in the sense in which List uses the term) are complete organizations; their economic system resembles the physiology of the most perfect living beings; the multiple parts which make them up—the crops, the factories, and the commerce—are intimately associated and subject to a law of internal growth (interdependency): like the organs of the body, they languish or flourish together.”

The goal of leadership is “to develop the productive forces in a harmonious fashion,” and “to guarantee national independence” in “augmenting productive employment for the profit of national labor.” There is thus a sort of generalized labor to organize, a “great national production” which is

never achieved in any given moment, but is a “continuing creation”; and “it cannot come into being without protection.”

And so we come to the necessity and the justification for the protectionism so much attacked by the liberals, who pretend to see in it nothing but “an unhealthy safeguard of interests,” the desire to maintain enterprises “artificially,” “without competition.” Cauwes turned the argument against them, starting from the necessity of producing, the economic and moral necessity of not leaving a population unemployed: “Without doubt, nations ought to enrich themselves through reciprocal commerce, but above all, they have to live and to progress; now, with this goal, it is necessary to arrive at methods of developing the productive forces with which nature has endowed them. The real question is thus to determine which exchange system most favors the industrial growth of societies.” “Commercial freedom” runs the risk of “depopulating the countries whose industries are not in a condition to weather competition, because they are becoming tributaries to foreigners.” And so, inevitably, “free trade leads to the ruin of the competitors” which are weaker or newer, and “thus to monopoly.”

The free-traders, under their “generous” theories and their fallacious version of freedom, are nothing but hypocrites who want to “hold onto their markets.”

Cauwes was, however, not an absolute partisan of protection in opposition to the absolutists of free trade; he conceived of “protection” as a necessary means, and not an end in itself; the end was the development of the productive forces, the progress of labor. “The protection of national industries,” he emphasized, “thus constituted is, most often, not perpetual; it is a transitional system favorable to industrial education; it is a trusteeship which ought to come to an end naturally when the age of full economic development is arrived at.”

Cauwes denounced the direction in which the French economy was headed at the close of the nineteenth century. It is erroneous, he insisted, to judge the impact of commerce on national wealth solely from the point of view of the value of trade and the accumulation of capital. “Nations have other goals than just to make a fortune in the most direct way; an increase in riches is of little significance if it is acquired at the expense of the progressive development of industrial power.”

It should be recalled that France was a great investor worldwide in 1914, a country dominated by “income” and the ideology of the rentier, a country of whose private income between 3.6 and 5.2% was, in 1908, converted into “Russian funds.” Yet, it had seen its share of the world’s industrial production drop from 9% in 1880, to 6% in 1913.

Cauwes, in defending “a system of trusteeship and progressive industrial education,” defined the appropriate path—the one which made it possible to avoid wars—which ought to have been followed by France and by Europe at the end of the nineteenth century.