The Laws of the Markets: Historical Perspectives on Political-Economic Regulation. The Example of Twentieth-Century French Agricultural Policy

By Alain Chatriot

CNRS – CRH, Paris, alain.chatriot@ehess.fr

For decades, the focus of modern political history was restricted to the realm of politics, emphasizing issues such as parties, elections or the role of the press, for example. Economic history, on the other hand, was primarily interested in working with quantitative data over the longue durée or monographs of precise sectors or businesses. Moreover, economists have had a specific relationship to history since the market has generally been interpreted as an institution that can only be understood in the very longue durée. The historiographical shifts of the last twenty years have slowly changed this situation as the history of the state and economic policy has been reintegrated into the field of political history (Baruch and Duclert, 2000).

Thanks to the influence of early modernists, modern historians have begun to consider economic policy and state intervention. Issues such as consumption, that had been left aside, have been placed back on the historiographical agenda revealing the links between consumption practices and public debate (Chatriot et al., 2006). While this work has been influenced by cultural history it does not fall fully into that sub-field. The juridical regulation of fraud, especially in the realm of food and drugs (Stanziani, 2005), the management of shortages in times of war, or the measures that determine access to credit are some of the various forms of state intervention that take place in this area. Some markets have generated studies by different social sciences on areas like the French wine market, whose construction and regulation is now well-known (Laferlé, 2006; Chauvin, 2010) or more recently the fruits market (Bernard de Raymond, 2013).

To illustrate these new trends and in an effort to avoid an arid historiographical paper, I would like to offer a reflection on an area I have been exploring (Chatriot et al., 2012; Chatriot, 2013), specifically the history of the grain market, and the difficult process of its regulation in France during the first half of the twentieth century. In terms of agricultural policy, this choice allows me to follow the diversity of actors who intervened in this political process.

During the summer of 1936, the Popular Front government created a National Inter-professional Grain Office (Office national interprofessionel du blé, ONIB). This new entity was the culmination of a long debate and numerous previous measures that reveal the functioning of Third-Republic institutions. Moreover, this new institution, created by the socialists, was paradoxically maintained by the reactionary regime of Marechal Petain, and even more surprisingly, was kept under the Liberation and up to the present day. The choice to study the creation of this institution also corresponds to a more methodological reflection.

Grain Crises

“Grain is a product of the soil, and from this perspective, it belongs to economic and trade policy. It must also be seen as a basic need for public order and, from this point of view, it belongs to the realm of politics and the Reason of State”. This speech from the Abbot Galiani in his polemical, Dialogue sur le commerce des biés, (1770) is an appropriate point of departure for examining the question of grain in the twentieth century. Following the eighteenth and nineteenth centuries, which were marked by regular harvest revolts and the question of adequate provisions (Bourguinat, 2001), the deregulation of prices brought forward once again the question of public policy and state regulation.

Confronted by the old problem of regulating a market that was a necessity for the population as a whole, public authorities (legislative, executive and administrative) managed crises of over-production and the destabilization of the international market after World War I. During the 1920s and 30s, grain was consistently perceived as the question. It was presented as a market to protect or as prices that needed to be taxed. To the old problem of unpredictability – bad harvests necessitated imports while good years required exports – was added the shock of a world war.
equilibrium that protected French farmers through protectionist policies and tariffs introduced at the end of the nineteenth century was no longer viable (Lebovics, 1988; Aldenhoff-Hubinger, 2002; Chatriot, 2010).

With the war, Russia no longer exported and European production was in an upheaval. At first, there was a sharp rise in prices due to increased dependence on production from abroad. While peasants initially celebrated this situation, governments were concerned with a general decrease in buying power ["la vie chère"], and quickly, the situation changed. Farmers were suddenly confronted with the disorderly increase of supply, technical innovations and a static demand (Stovall, 2012). This led to new crises in 1928 and again at the beginning of the 30s up to 1933 when good harvests led to the collapse of grain prices.

Previously, the instruments of state intervention in agricultural policy were limited to protective tariffs based on subsidies, incentives for export, and quotas. However, these measures were quickly shown to be insufficient for radical market variations. Confronted with these fluctuations, new groups dealt with the question of grain in France and internationally. Until now, few historians have explored the series of conferences on grain that took place in Rome in 1927, Geneva in January 1930, in Rome in March and April 1930 and especially in London in May 1931 then in August 1933 with the creation of the International Wheat Advisory Committee (Graevenitz, 2009).

Agricultural unions reemerged across France as the historical division between the unions of large property holders and the unions of republican orientation tied to mutualist institutions was replaced by new confederations (Barral, 1968). At the same time, a specialized union developed, the General Association of Grain Producers. This association, founded in 1924, emerged out of the grain crisis (Pesche, 2000).

Above all, grain producers demanded a high price for grain as opposed to politicians who wanted to drive prices down to satisfy their constituents. The association was tied to the Chambers of Agriculture and stated in 1929: "If our grain policy must remain subordinated to bread policy, which is itself subject to the demagogical influences of politics and the press, we might as well give up any hope of maintaining grain production or technical innovation in this area in France" (Rémond, Hallé, 1929, 35). According to this logic, grain producers were opposed to the increasingly modernized and well-structured millers of the inter-war period.

Furthermore, beyond new specializations in agricultural production, various political movements were actively seeking support in rural France during the 1930s (Paxton, 1997; Bensoussan, 2006).

The legal measures that followed as a result are worthy of special attention. A first law “on the grain trade” was adopted on December 1, 1929 and was quickly completed on April 1, 1930. These laws gave de facto power to the Minister of Agriculture to intervene by decree on the origin and nature of grain used in mills. This was an essential measure because behind its technical appearance, it created a specific type of protectionism. On April 30, 1930, a law was proposed against the speculation on the grain trade through the creation of a permanent stock of grain and flour. This law was completed with a supplementary measure in the law of April 7, 1932 when the cost of storing grain became an essential question.

Renewed price variations quickened the rhythm of laws throughout 1933. On January 26, a law was voted to "protect the grain market", with the aim of financial intervention to promote stock surpluses and control prices. On April 14, a law authorized the Minister of Agriculture to grant subsidies to encourage the use of indigenous grain for use other than human food and alcohol—a strong symbolic statement that was made necessary by surpluses and a collapse of prices. July 10, another important symbolic step was taken with the establishment of a minimum price for grain. While it was only in force for a brief period, the law set out all the controls that were made possible for controlling the market. The difficulties of executing the law forced the vote of December 28, 1933 reforming a number of articles.

Additional laws were passed in March and July 1934. The law of December 24, 1934 was presented as “an attempt to clean up the grain market”. It followed a decree of October 1934 that had attempted the delicate operation of codifying all the legislation on the issue. Next there was an attempt to return to a free-trade approach against the restrictive measures established by the law of July 1933. The consequence however was that the bottom fell out of prices. Multiple technical laws were passed in the spring of 1935 and July 13, 1935 and the use of decree-laws allowed for a first series of radical measures that were completed during the summer and through October 1935. The decree-law of October 30 returned to a certain number of previous measures by suppressing special taxes on production.
A first set of conclusions may be drawn from this quick overview. First, one must consider what a specialist of the agricultural question justly referred to as “the soliciting of Parliament among grain producers” in 1936 (Salleron, 1936, 421). Since members of parliament were sensitive to the question of grain prices, the agrarian lobby maintained a certain influence. While some laws took years to pass, and were blocked by the Senate, they were all ultimately voted in. In the political system of the French Third Republic, the Parliament exercised a certain superiority in decision-making for the economic and social policies.

The second conclusion becomes clear in the inadequacy of the successive choices. Independent of the more or less liberal, statist, or professional approaches, the principle trait of all these attempts at regulation was the incapacity to find a form of intervention adequate for the grain market. The measures were often considered illusory because there was insufficient credit to implement them and because the state did not control the wholesalers. Many were critical of this “enormous mass of laws, decrees and acts that are successively regulating our grain trade,” and that can only be explained by “the errors of legislators in the area, the lack of an overall plan, demagogical solutions, and lack of familiarity with the most fundamental economic laws.” (Touzet, 1936, 6).

**Institutions between the State, the Market and Individuals**

The creation of a Grain Bureau occupied a central place in the great reforms of the Popular Front. The parliamentary debates on this entity were particularly vigorous during the summer of 1936. The institutionalization was immediately commented upon by numerous legal economists that were interested in the forms of regulation that are now referred to as a planned economy. By examining the creation of this institution, I would like to present broader conclusions on how to study institutions and their role in the political regulation of the economy.

In his doctoral thesis of 1934, Jean Sirol saw the Grain Office as “the proof of Parliament’s will to bring forth a powerful and competent organization that is separate from itself: this is an implicit, and particularly interesting, recognition of parliament’s inability, either due to the slow nature of parliamentary procedure or its incompetence, to handle countless contemporary economic problems.” (Sirol, 1934, 370-371) For this young jurist, the institution “mark[ed] the progress of state socialism and reveals that it is not at all revolutionary, but, to the contrary, regulates and plans the national economy. Moreover, there is no doubt that among the masses, there is a new fascination for these complex organizations, nourished by considerable sums of money and whose impact on the economy is without question as long as it represents the state. This is the result of a trend that is directly opposed to liberal ideals. A trend one sees not only in France, but also in the entire world and perhaps even more so in other countries (USA, USSR, Italy, Germany, Austria and Switzerland)” (Sirol, 1934, 371). The question of the comparison of the situations on an international scale is very important of course (Solberg, 1987; Way, 2013). Obviously, the question spread far beyond the realm of grain market management.

The project for a national grain office had a long history among socialists (Lynch, 2002). They had proposed it to Parliament as early as January 1925 and again in October 1929 in the form of an “institution for complete control over grain imports and a national fertilizer office.” The idea was taken up again through individual efforts in 1929 and 1934 but it appeared for many years to be too ideologically charged and the legislative and regulatory solutions were too limited.

The situation changed with the reponse by the President of the Council, Léon Blum, to the massive strikes that led to the Matignon Accords, and with the important social laws, published in the Journal official on June 26, 1936, on paid vacation, collective bargaining, and the 40-hour work week. The leftist government sought the creation of the Grain Office for the agricultural sector. While the most famous laws were voted through quickly without opposition in the Senate, the agricultural questions remained problematic. The bill, allowing for the creation of a professional office controlled by the state as a response to the failures of previous legislation, was presented as early as June 18, 1936.

The text was quickly attacked however. Long debates in the two houses led to modifications to the text in July and August. Leon Blum stepped in to support the Minister of Agriculture, Georges Monnet, and the law was finally voted through in the last session of August 15, 1936. The debate focused on various elements: the status of the regulating body (the office was a public entity, a category of institution that was flexible but greatly criticized during the thirties); the problem of its leadership, given the inter-professional nature of the office; the question of how to...
fix grain prices annually; the creation of organizations for grain storage that were separate from the power of wholesales; and, lastly, the organization of a monopoly for managing imports and exports. Georges Monnet’s other projects, including the expansion of the regulation of markets in the context of collective bargaining with the possibility of necessary extension by the minister, were also blocked by the Senate. The inter-professional nature of the Grain Bureau was a particularly tricky point of debate. The professional relations between producers of wheat, millers, bakers and consumers (represented by trade unions) were sometimes difficult. Another source of conflict was the suspicion that the Government wanted to establish total state control over the wheat market. Opposition to the creation of the Grain Bureau often took extreme turns in the press in the form of caricature or denunciation. Joseph-Barthélemy, a conservative jurist and editorialist for *Le Temps*, wrote on July 28, 1936: “The well-stocked Grain Office has nothing to say… the plan is to cage off agriculture by leaving each one his niche and his reward. Such efforts are worthy of dogs.”

However, reactions to the actual creation of the institution varied. In her study of Breton peasants, the political scientist Suzanne Berger has shown that the “Landernau [the Central Office of Mutualist Agricultural Works of the Finistère] protested against the authoritarian creation of prices fixed by the state, but benefited from the fact that the law asked producers to stock grain for the creation of a grain cooperative with access to the necessary silos. […] The Grain Office was the creation of a Leftist government that Landernau feared and detested, but it actually meant a quasi-monopoly on the grain trade in Finistère by the central office.” (Berger, 1975, 154). Some figures who were opposed to the Grain Bureau had already pointed this out: “There is no sense in burying one’s head in the sand. The Grain Office has been welcomed with satisfaction throughout the peasant world. The discussions that have unfolded on the level of ideology have left them indifferent. Undoubtedly, the office appears to be an improvement to the previous situation.” (Leroy, 1939, 75).

The ONIB was an inter-professional public organization, with producers, wholesalers, handlers, consumers and administrators. Its most important responsibilities were the fixing of prices, storage, and a monopoly on imports and exports. The fact that the harvests of 1936 and 1937 did not produce a surplus guaranteed the ONIB’s creation. Problems did not emerge until the harvest of 1938 and functional difficulties that led to the reforms of the decree-laws of July 29, 1939.

A thorough examination of this new institutional form in France may also generate foreign comparisons, especially when other experiences could serve as a model or a counter-model (the Canadian Wheat Board (MacGibbon, 1952), cooperative experiences in Italy and Germany, or the State Grain Company in Czechoslovakia). The question of the French colonies can be also raised in the study of agricultural policies (Swearingen, 1985).

Choosing to study an institution in order to analyze economic policy is a means of responding to essential questions. Of course, it is influenced by the neo-institutionalism of economists and political scientists. But it also corresponds to advancements in the History of Science and reflections on the scale of historical analysis. This is not a descriptive administrative history but rather a means of framing large-scale problems within concrete debates. The institutional scale allows for a consideration of the origin of sources: that of each document, but also the relationship between them that constitutes the very basis of the archives: working on institutional sources forces us to reflect on the institutional techniques themselves and on the practices of its members.

The example of creating an institution necessitates an investigation of multiple temporalities: 1) the emergence of often contradictory doctrines; 2) the experiences inspired by precise problems; 3) the actual decision to create the institution; and finally, 4) the continual creation that transforms an institution over time. In this analysis, one must reconsider other possible solutions to the same problem, and locate the diversity of debates around such a project (Chatriot, 2002).

Once the institution is created, an institutional study has the advantage of avoiding a simple discursive analysis. It allows for an understanding of functional practices. One can study the members of the institution, their origins, their connections, their affinities and relationships to other institutions (which sometimes offers an understanding of a network of institutions) (Lemercier, 2003). The research in this field is not restricted to a systematic prosopography. Rather, it must be adapted to a given institutional form to fully utilize the merits of a method that is built on an institution’s specificities. The study of the institution must consider juridical constraints as well as concrete elements (budget, personnel, rhythm of work). It is also a question
of understanding the progressive dynamics of the institution, the conflicts that it encounters, its place in the process of public decision making, its opportunities for consultation, expertise, recourse, arbitration or sanction.

Obviously, French agricultural policy of the first half of the twentieth century cannot be reduced to the regulation of the grain markets. However, grain was one of its most symbolic and important components. Moreover, its influence was essential over the long term because, beyond the Grain Office’s existence throughout the century, one must consider that this type of regulation (decisions on regulated prices made collectively, organization of storage, protectionist measures) was at the heart of the first European agricultural policy (Noël, 1988; Fouilleux, 2003; Knudsen, 2009).

However, one must also consider that in spite of the fact that rural studies have had a strong influence on history and sociology (Hervieu, Purseigle, 2013), the functioning and the administration of agriculture are still relatively unexamined. Certainly, the phase of agricultural modernization of the 1960s has fascinated social scientists, as have the links among agricultural union members with rightist political parties. But the question of agricultural policy has been largely forgotten and too often reduced to a simple conflict of interests.

Through the example of the debates on grain regulation, I have tried to insist on the connection between public policy and institutions, on the weight of past experiences and the question of the form of economic organization. I have also focused on the relationship between union actors that defended their interests but were also carriers of a technical expertise (Rabier et al., 2007).

The question of agricultural policy is also informed by spatial considerations, as it takes place on local, regional, and international levels. The international crisis of the grain markets in the 1930s forces us to change frames of reference in order to better understand the choices made. It forces us to examine international organizations, not only from the logic of diplomatic history but also from the logic of political history (Rosental, 2006; Ribi Forclaz, 2011). Certain international actors of this market, such as for example the big companies of the grain trade are very understudied (Morgan, 1979). We also have to study better the phenomena of speculation on this type of market. The crisis during the 1930s could be compared with the great crisis on American market at the end of the XIXth Century (Norris, 1902; Levy, 2012).

In the context of French politics, the difficulties of finding an adequate form of regulation is tied to a particular moment in the history of the Third Republic, with the different obstacles of the 1930s and the rupture that was brought on by the Popular Front (Nord, 2010).

Other examples from Modern History could be chosen to explore political history approaches to economic and social questions. At the crossroads of legal and economic history, one could follow the question of the progressive codification of labor law or more generally the evolution of social protection (Chatriot et al., 2011). Fiscal questions have also been recently drawn out of the world of specialists in financial history and have found a more appropriate place in the field of political history with the question of consent to taxation (Delalande, 2011; Huret, 2014).

There again, far from a political history reduced to parliamentary debates or elections, recent research has led to an understanding of the plurality of actors and the institutions at play. Only a complex vision of the history of the state (Sawyer, 2012) that is open to social elements can help us understand questions that have been left aside for far too long by historians.

Alain Chatriot is research fellow in history at the Centre national de la recherche scientifique (CNRS), based at the Centre de recherches historiques (CRH), Paris. His research has dealt with the history of public policies, high-ranking civil servants and civil society. He is currently researching French agricultural policies in the XXth century. He is the author of La démocratie sociale à la française (2002) and the coeditor of few books among which: The Expert Consumer: Associations and Professionals in Consumer Society (2006), Dictionnaire historique des patrons français (2010) and Organiser les marchés agricoles. Le temps des fondateurs, des années 1930 aux années 1950 (2012).

References
