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THE RECONSTRUCTION
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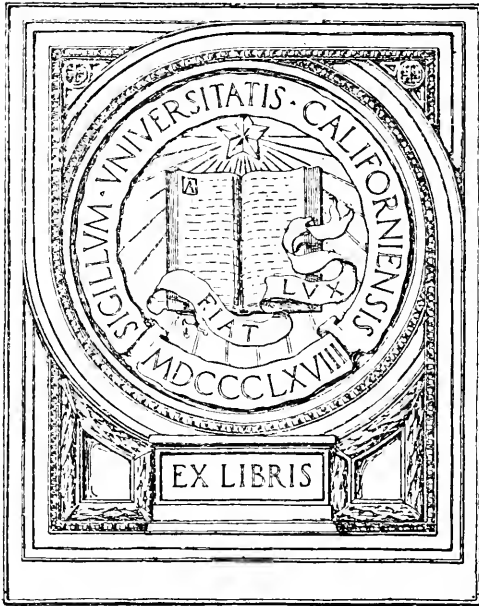
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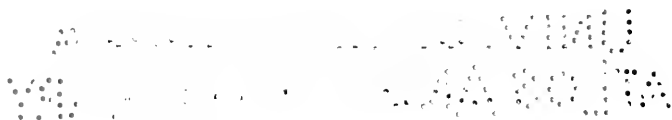
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New York, November 21st 1919.

Messrs. Brown Brothers & Co.,
59 Wall Street,
New York City.

Dear Sirs:

I have read with much interest your study on the physical and economic reconstruction of France. I believe that this indicates accurately the progress which has been made in these directions since the signing of the armistice and faithfully portrays the situation in France at the present time. It gives me great pleasure to give it my unqualified approval.

Yours very truly,

Maurice Cassemane

Director General of the French
Mission in the United States.

FOREWORD

THE progress of the reconstruction in France during the past year is a matter which America regards with great interest. The return of the manhood of the French Nation to peaceful occupations after more than four years of war, the rebuilding of the devastated areas and the general readjustment to peace conditions have not been unattended by difficulty. However, the characteristic vitality of the people is well illustrated in the solution which is being found for each of these problems. The international friendship of France and America, strengthened by the association in the late war, has linked even more closely than before the interest and welfare of the two countries. The extent, therefore, to which France has recovered from the world conflict is of unusual importance to America. The following study has been prepared by our Statistical Department.

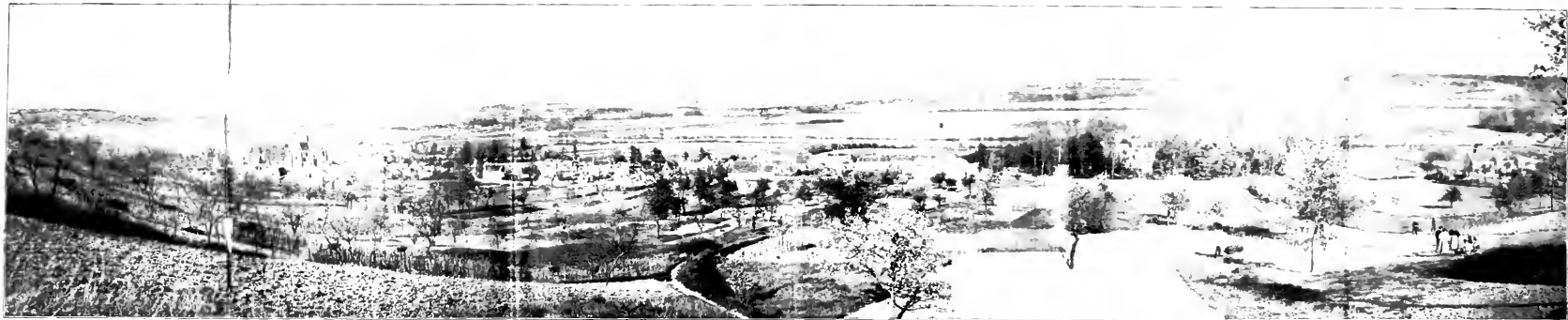
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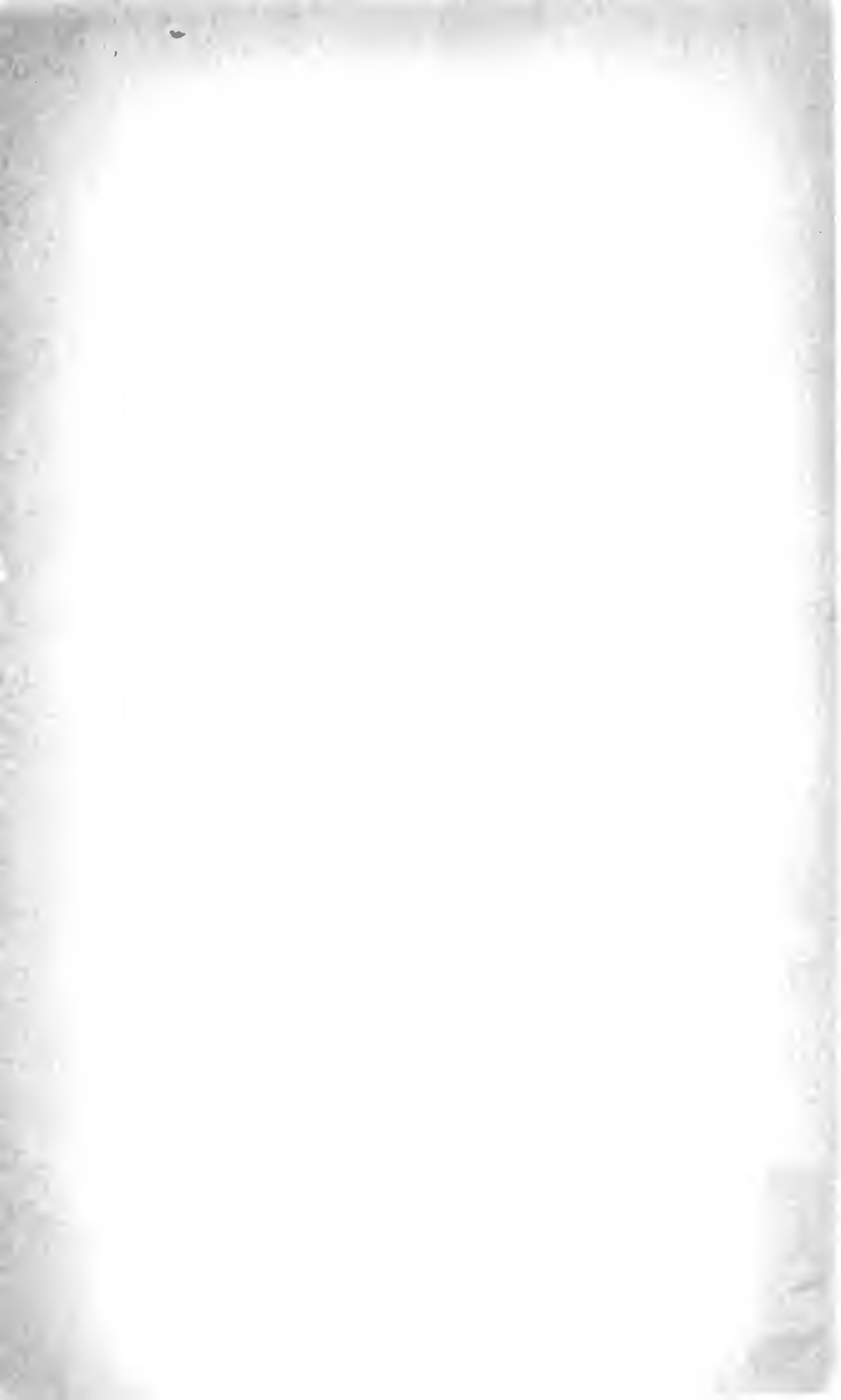
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GRAND VALLEY AND THE MAIN VALLEY AS THEY APPEARED IN THE SUMMER OF 1895



FRANCE

THE RECONSTRUCTION

1919

MORE than a year has passed since the signing of the armistice and the liberation of the invaded areas of Northern France. The problems of reconstruction which faced the French Nation at the close of hostilities were far greater than those which confronted England and the United States. France had to solve not merely the questions of economic and industrial readjustment to peace conditions. In addition, she had the problem of rebuilding the invaded areas which had been devastated and, in general, of repairing the physical damage brought about by more than four years of warfare.

Rapid strides have been made in reconstruction since the conclusion of military operations. The work has been pressed forward with the energy which is characteristic of the French people. Much remains to be done, yet the progress thus far may be considered indicative of the future and the problems which face France at the present time appear largely of temporary character. The recuperative power of the nation which was strikingly illustrated after the war with Germany in 1870 is shown in the speed with which the people have already progressed in the work of reconstruction and of national readjustment to peace conditions.

The transfer of the man power of the country from military service to industry and agriculture has

been made with comparatively little difficulty. In spite of the fact that many industries in Northern France were destroyed the country has no special unemployment problem. The magnitude of this accomplishment may be realized from the fact that an army of nearly 2,500,000 men has been disbanded since the signing of the armistice. The industries, moreover, returned rapidly to a peace basis. As early as February 1919 an official examination of



Barges on the Meuse Canal Near Rheims—1919.

a number of government and private plants showed that in the preceding four months 1,300,000 employés out of a total of 1,700,000 had been transferred from war to peace pursuits.

Reconstruction of Transportation

One of the first needs of the invaded areas was the restoration of the means of transportation. On November 11th 1918 the destruction of railway property amounted to 945 miles of double track and 463



Rebuilding Roads in the Invaded Districts.

miles of single track railroad not including 143 miles of road serving the mining districts. By September 1st 1919, however, 90% of the double track road and 93% of the single track road had been permanently restored. On the Northern Railways System only four miles of road had not been rebuilt up to that time and operation had been resumed on almost all the lines. Through trains are again being operated between Paris and Brussels. The following table indicates in detail the extent of the rehabilitation that has taken place:

	Destroyed Nov. 11th 1918	Repaired to Sept. 1st 1919
Northern Railways—Double track.....	364 miles	360 miles
Single track	336 miles	336 miles
Eastern Railways—Double track.....	581 miles	493 miles
Single track	127 miles	95 miles
TOTAL Double Track	945 miles	853 miles
TOTAL Single Track	463 miles	431 miles

In addition, of the railways serving the mining districts 114 miles out of 143 miles have been rebuilt. Moreover, of 1,160 railway bridges and tun-



Repairing Road in a Marne Village.

nels destroyed 588 have been reconstructed. The work on the waterways, which in France are an important means of transportation, has been nearly completed. The operation of boats and barges from the Paris Valley to Belgium and to Eastern France is proceeding under practically normal conditions. Equipment for electric hauling is being installed on the Marne Canal to the Rhine and on the canal connecting with the coal fields of the Saar. The collieries of the districts of the North and of the East can now be reached by navigable waterways. As far as highways are concerned a large part of the damage has already been repaired. There are about 30,000 civilian and military workers engaged in repairing the roads at the present time.

Housing and Agriculture

The total number of houses partially or wholly destroyed was approximately 550,000. It should be

remembered that French houses are built chiefly of stone. This has made the problem of repairs and new construction unusually difficult. Up to September 1st 1919, however, the following results had been accomplished:

Temporarily repaired	80,000
Shelters provided	16,225
Shelters under construction	60,000
	<hr/>
Total	156,225



Ploughing Battlefield Near Soissons—1919.

Nearly a million of the people who fled from their homes at the time of the invasion have returned and out of 4,023 communities which were invaded, municipal administration has been resumed in 3,872.

Of the total area of the invaded territory of France

6,950 square miles of tillable lands were devastated by military operations. By September 1st 1919, 1,540 square miles, an area larger than the State of Rhode Island, had been made fit for cultivation. Much of this work has been performed under handicap of barbed wire, trenches and the constant danger from unexploded shells. Since the signing of the armistice, however, more than 25,000 acres have been cleared of barbed wire and approximately 74,000,000 cubic yards of trench excavations have been filled in.

Industrial Reconstruction

The industrial reconstruction in the invaded districts has also been going on rapidly. According to official reports, up to September 10th 1919 the following factories had resumed operations partly or fully since the signing of the armistice:

Textiles and related industry	124
Clothing	21
Food Supplies	41
Iron and Steel	51
Machinery	30
Chemical Products and Oils	10
Building Materials, Glassworks and Sawmills	69
Miscellaneous	21
	<hr/>
	367

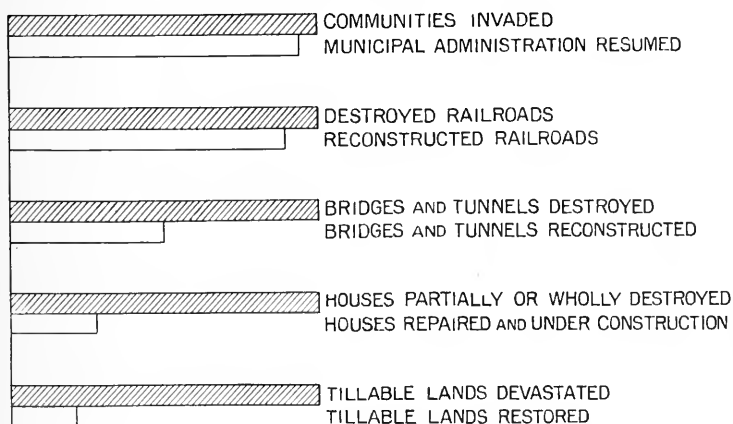
Of a total of 1,986 factories destroyed during the entire war 1,027 were again on a productive basis by September 1st 1919.

Revenues and Expenditures—Taxation

The cost of the reconstruction is heavy. At the present time France is reported to be advancing about Fcs. 1,000,000,000 (\$193,000,000) a month for

this purpose. The Republic has already expended more than ten billion francs in restoring the devastated regions. The expenses of the government for the year 1919 are estimated at approximately Fcs. 16,-500,000,000 (\$3,184,000,000) to which should be added Fcs. 4,000,000,000 (\$772,000,000) for military pensions, etc. It is expected that in accordance with the terms of the Peace Treaty the French Govern-

CHART SHOWING THE PROGRESS OF
RECONSTRUCTION IN FRANCE
TO SEPTEMBER 1ST 1919



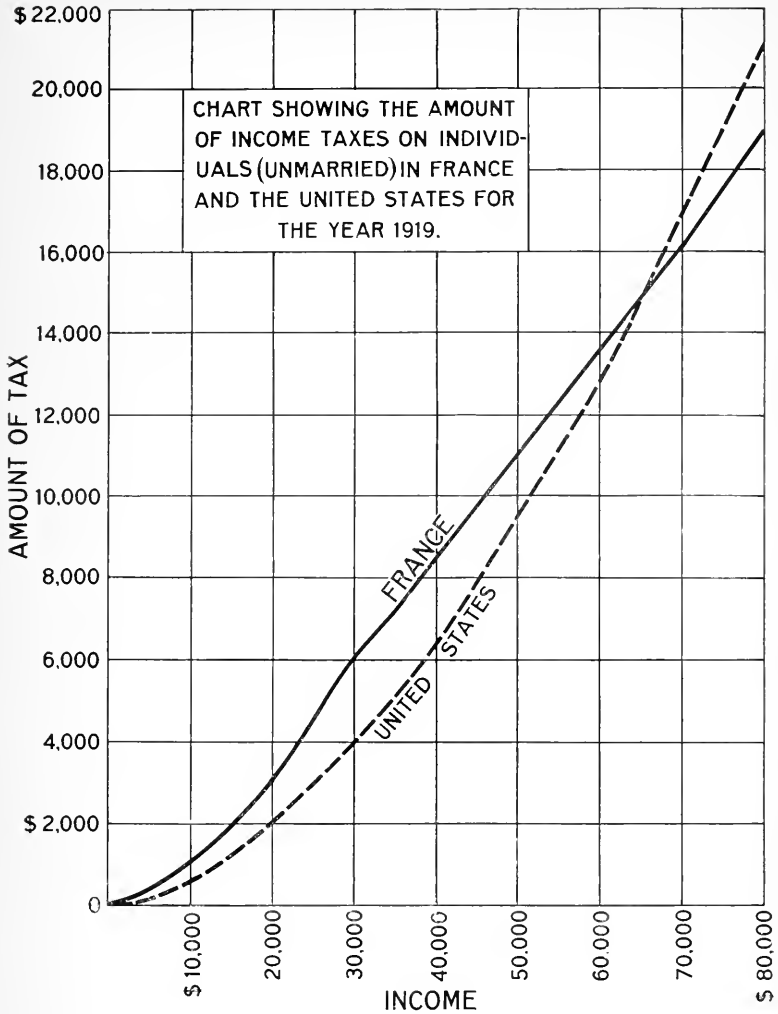
ment will eventually be reimbursed for many of the expenditures which are now being made.

France has made great efforts during the present year to meet as large a part as possible of these expenditures by means of taxation. The estimate of receipts for 1919 is Fcs. 10,000,000,000 (\$1,930,000,000). This would make the French tax per capita on the basis of the total population \$52 as compared with \$49 for the United States. In the case of France, however, it should be borne in mind that



Reaping Near Former Battlefields.

the inhabitants of the invaded regions are not being taxed in the present year. It has been estimated, therefore, that on the basis of the actual proportion of the population taxed, the tax per capita is \$56. The inserted chart shows the comparative amounts of the income tax now in force in France and in the United States. So far during the current year actual receipts have been in excess of the budget estimate for this period. Collections of taxes have increased steadily with the progress of the reconstruction. In connection with the large outlay which the program of the government requires it should be remembered that France is no longer under the handicap in regard to the collection of taxes that prevailed during the war. Before the war the invaded areas furnished from 20% to 25% of the total revenue of the country. The restoration of this territory in addition to Alsace-Lorraine and the fact that the manhood of the nation is returning to productive pursuits will greatly increase the taxing power of



the government. During the first eight months of the current year Fes. 5,100,000,000 (\$984,300,000) were collected from taxes, representing an increase of Fes. 1,400,000,000 (\$270,200,000) as compared with the corresponding period in 1918. In addition to this amount taxes levied on war profits during the same period produced Fes. 1,067,000,000 (\$205,900,-

000) making a total of Fcs. 6,167,000,000 (\$1,190,200,000). It is expected that after a year has passed the nation will derive in taxes about Fcs. 2,000,000,000 (\$386,000,000) from the invaded provinces and Fcs. 1,000,000,000 (\$193,000,000) from Alsace-Lorraine.

Thrift

The financial strength of France has always rested in the large amount of capital distributed among all classes of the population. Thrift is a national characteristic of the French people. No better evidence of industry and thrift need be given than the record of savings bank deposits which for a population of less than 40,000,000 showed in 1913 more than 15,000,000 bank books representing Fcs. 5,829,700,000 (\$1,125,153,000). This compares strikingly with the situation in the United States in the same year where, although the per capita deposit was higher, the total number of savings bank depositors was only 11,097,639. The amount of securities held by



Photo by American Committee for Devastated France.

Removing Barbed Wire.

the French people was estimated in 1913 at Fcs. 115,000,000,000 (\$22,195,000,000) of which approximately one-third were securities of foreign governments and corporations. This made France one of the largest creditor nations in the world. In 1913 the annual savings of the population were estimated at about \$675,512,000.



Photo by American Committee for Devastated France.

Reconstructed Farm Buildings Near Coucy le Chateau.

Position of French Government Bonds

A large part of the securities held by the French people is represented by the bonds of the French Government. These bonds or rentes are distributed among a great number of small investors and hold a position which in the United States would fairly correspond to a considerable proportion of the deposits in savings banks. This has given the rentes an unusual degree of stability even in times when the affairs of the French Nation were at a crisis.



Belleau Wood on the Right and on the Left



Photo by American Committee for Devastated France.

Temporary Homes in District of the Aisne.



Town of Lucy Le Bocage as They Appeared in 1919.



Photo by American Committee for Devastated France

Type of Permanent Home Being Built in Invaded Area.

The following table shows the yield of French 3% perpetual rentes at average prices for the years from 1860 to 1913. The stability of this issue which may be considered representative compares favorably with that of the bonds of the United States Government during the same period as indicated by the average yield of the principal outstanding bond issues:

Year.		French 3% Perpetual Rentes.	U. S. Govern- ment Bonds.
1860	Franco-Austrian War ended.	4.33%	5.50%
1861		4.38	American 6.97
1862		4.28	Civil 6.51
1863		4.30	War. 5.79
1864		4.54	5.33
1865-69		4.36	4.89
1870	Franco-Prussian War.	4.77	4.75
1871	The Commune.	5.51	4.65
1872	Establishment of the Republic.	5.47	4.31
1873		5.34	4.20
1874-76		4.64	3.54
1877		4.27	Indian 4.14
1878		4.06	Wars. 4.37
1879-80		3.65	3.88
1881		3.55	3.06*
1882-85		3.70	
1886-90		3.57	
1891-95		3.06	
1896-00		2.94	
1901-05		3.03	
1906-10		3.10	
1910-13		3.28	

*The comparison with the bonds of the United States is not continued further since the war debt of the United States had practically been redeemed by 1881 and the market prices of the bonds up to the passage of the Federal Reserve Act were artificially stimulated by the circulation privilege.

The economic vitality of the French people is indicated by the fact that during the war the country absorbed war loans amounting to 53 billion francs in rentes in addition to temporary Treasury Certificates averaging about 30 billions. The last issue of rentes had more than seven million subscribers. During the present year the subscriptions to Treas-

ury Bonds for National Defence have been extraordinary. In each of the months of July, August and September approximately Fcs. 2,500,000,000 (\$482,500,000) were subscribed. The loan of Fcs. 1,500,000,000 offered by the City of Paris in June 1919 was many times oversubscribed. According to official reports, in the first eight months of 1919 the excess of deposits in savings banks over withdrawals amounted to more than Fcs. 1,000,000,000 (\$193,000,000).

Debt

During the war the total debt of the French Republic increased about four and one-third times. This increase was less in proportion than that of the United States or of any of the larger European nations engaged in the war with the exception of Italy. As of April 30th 1919 the gross debt of the Republic was approximately \$34,843,000,000. Of this the external debt amounted to \$5,147,000,000 and carried an interest charge of about \$300,000,000. According to official estimates the annual interest re-



Wine From the Vineyards of Southern France.



Unloading Steamers in the Harbor of Rouen.

quirements of the foreign debt are far less than either the amount which, before the war, France invested every year in foreign countries or the amount which was spent yearly in France by foreign visitors before 1914. From the total of the external debt should be deducted \$2,345,187,000 consisting of advances of money and materials made by France to her allies. The net amount of the foreign obligations of the

French Republic, therefore, in May 1919 was only \$2,801,813,000.

The following table which is prepared from official data indicates the increase in the gross debt of France during the war period as compared with that of England and of the United States:

	France	England	United States
1914.....	\$ 6,598,436,200	\$ 3,179,284,450	\$ 1,282,044,346*
1918.....	28,462,710,000	36,120,369,892	21,075,931,189

*March 31st 1917.

The Peace Treaty

Until the settlement of the terms of the Peace Treaty the exact amount of money and materials which France will receive as an offset to the national debt remains to be determined. However, it should be borne in mind that whatever is paid in the form of indemnity—at the present time the proposed amount is Fcs. 200,000,000,000 (\$38,600,000,000)—the loss of national resources incident to the war should be many times more than compensated by the recovery of Alsace-Lorraine and the control of the Saar Basin. Alsace-Lorraine has an area of 5,603 square miles with a population (1910) of 1,874,014. Before the war these provinces were agriculturally self-supporting. With the development which took place in the steel industry in France during the war the mineral resources of Alsace-Lorraine are extremely important. The deposits of iron ore in Lorraine are estimated at 2,330,000,000 metric tons occupying an area of about 168 square miles. They constitute one of the principal deposits in all Europe. The output in 1913 was approximately 20,000,000 tons of ore. In addition, the coal pro-

duction of the Saar Valley in 1913 amounted to about 16,000,000 tons. With the control of these fundamental raw materials France should assume a leading position in European industry. The potash deposits in Alsace-Lorraine are estimated at 300,000,000,000 cubic meters. It is probable that France will in the future be able to export a considerable amount of this material. These provinces are important centers of the manufacture of cotton and



Docking and Warehousing Facilities Near Bordeaux.

woolen goods, glass, chemicals and other products. In 1912 there were 1,026 textile plants employing 76,328 persons. These included 1,900,000 cotton spindles which at that time were one-fourth the total number in France.

Speedy Recovery After Previous Wars

In connection with the present debt of France there should be remembered the financial record of the nation after previous wars. In 1830, only fifteen years after the close of the Napoleonic Wars, practically all the war debt of France had been redeemed. The cost of the war with Germany in 1870-1871 amounted to \$1,792,424,600 not including the loss of the provinces of Alsace and Lorraine. In spite of the fact that the country had suffered from invasion the war indemnity exacted by Germany which including the interest amounted to Fcs. 5,300,000,000 was paid in 26 months, or six months before the due date. To do this France raised two loans. The first loan of Fcs. 2,000,000,000 was offered in June 1871; to this loan Fcs. 5,000,000,000 were subscribed and only 45% of the total subscriptions was allotted. To the loan of Fcs. 3,000,000,000 of July 1872 no less than Fcs. 44,000,000,000 were subscribed and only 12% was allotted. The recovery from the War of 1870 as from the Napoleonic Wars was remarkable and during the next 43 years France went through a period of rapid territorial and industrial expansion. In 1914 the national wealth of France was conservatively estimated at \$50,000,000,000 and the annual income of the French people at \$6,000,000,000. After 1870 France made large additions to her colonial possessions which in point of size in 1914 were second only to the British Empire.

Industrial Outlook

The iron and steel industries of France were greatly stimulated by the war. The invasion of the mining and industrial districts of the North brought to

the front the latent resources of the nation. New and larger factories were built and deposits of iron ore particularly in Normandy and Loire Inférieure were intensively developed. As a result the production of steel and iron in 1917 was equal to two-thirds of the tonnage produced in 1913. This illustrates the remarkable possibilities of the industrial future of France now that, in addition to the returned mines in the North, she has obtained control of the immense resources of Alsace-Lorraine in iron



Ploughing by Tractor in the Valley of the Oise.

and of the Saar Valley in coal. The furnaces of the returned province of Lorraine had before the war an annual production in excess of 6,000,000 tons of pig iron. It is believed that France will hold the first place in Europe in the production of iron ore and the second place in the production of steel and pig iron.

The increased capacity in the production of iron and steel will probably be reflected in a general industrial development. During the war the country

greatly increased its use of mechanical implements and labor-saving machinery. A demand for these things once created and maintained over so long a period of time may be expected to continue. This will mean a further enlargement of French industry. Moreover, with the demand for iron and steel goods, not only for the rehabilitation of Europe but in general throughout the world, France has the opportunity of eventually becoming a large exporter of these materials.

Agriculture

With the upsetting of the balance of consumption and production due to the war France has been required to import food supplies and provisions in large quantities. This situation in connection with the need for materials for the rehabilitation of the invaded districts has been instrumental in depressing the rates of foreign exchange, particularly exchange with the United States. As a result imported food has been made very expensive. Before the war France was practically self-supporting and



Post-war Harvesting in the Valley of the Aisne.

the present position of exchange is serving as a stimulus to resume the normal production of food products as rapidly as possible. It is not probable that the country will continue long to depend on foreign sources. At the present time the land is being cultivated with the same thoroughness which was characteristic before the war. It is believed that after one or two years have passed the country will again raise enough to support its entire population.

France is a land of intensive agriculture. In 1914 it was officially reported that 58,678,576 acres or about 45% of the total area of the country was under cultivation. Large estates are not numerous. In fact one of the greatest sources of the strength of the French Nation has been its large class of small landowners. It has been estimated that there are twelve million householders of whom nine million live in their own homes. Although France proper is only about four times as large as the State of New York, before the war it was one of the leading nations of the world in the production of cereals, wine and beet sugar. In 1912 on an area of 16,238,151 acres France produced 336,272,000 bushels of wheat valued at \$486,948,130. The vineyards in cultivation covered an area of 3,832,468 acres and produced 1,569,169,800 gallons of wine valued at \$344,511,450. In the same year the production of sugar beets reached 7,354,748 tons from which about two billion pounds of sugar were refined.

Colonies

The colonial possessions of France will probably play an increasingly important part in the future economic life of the nation. They are rich in natural



Morocco—Vineyards; Wine Ready for Shipment.

resources and form a huge storehouse for raw materials of which France and in fact all Europe stand in need. In addition they are a natural outlet for French manufactured goods.

The French colonies cover a territory one and one-quarter times as large as the United States and Alaska and have a population of approximately 58,000,000 people. They are in all parts of the world and include large possessions in Northern and Central Africa, Southeastern Asia and Oceania. The possibilities of development of these lands are indicated by the increase of their total foreign trade during the war period. In 1913 the foreign trade of the colonies amounted to \$633,500,000. By 1917 the total had reached \$729,983,000. This was about one-fifth of the total foreign trade of France proper in 1913. The provinces on the Mediterranean coast of Northern Africa appear to be in a position for earliest development. The most important of these is Algeria which is treated practically as a part of France. Algeria produces large quantities of cereals, fruits, wine, zinc and iron ore. The forests cover an area of 6,559,500 acres producing an annual revenue of over a million dollars. Tunis is another important

French province in Northern Africa. In 1918 its agricultural products were 9,406,292 bushels of wheat, 10,427,213 bushels of barley, 3,813,713 bushels of oats and, in addition, 14,555,800 gallons of wine and 3,900,000 gallons of olive oil. The estimated date crop for 1918 was 88,184,890 pounds. The value of the mineral output in 1917 was about \$13,000,000. Algeria and Tunis have developed a large railway



Morocco—Old and New Methods of Harvesting.

mileage in recent years. At present there are over 3,000 miles in operation in these provinces. The trade of Morocco increased about three times in the years from 1911 to 1916. In 1911 the foreign commerce amounted to \$17,000,000. In 1913 it was more than \$34,000,000 and in 1916 the total was approximately \$60,000,000.

The tropical possessions of France furnish large quantities of rubber, rice, raw silk, palm oil, sugar and similar products. Annam, one of the provinces in French Indo-China, produces more than 800 tons of raw silk annually. In 1916 French Indo-China exported 1,345,360 tons of rice. New Caledonia, a French possession in the Pacific, produces in normal times a substantial part of the world's supply of nickel.

Foreign Trade

The indications are that France will engage more actively in foreign trade than before the war. Her control of basic materials stimulated by a wide demand, particularly in Asia Minor and the Far East where France has increased the sphere of her trade influence, should have a decidedly favorable effect on the foreign commerce of the country. This in turn would serve to counteract the unfavorable trade balance and consequently to restore French foreign exchange to a more normal position.

The facilities of France for foreign trade as far as ports and shipping are concerned were greatly developed during the war. According to Lloyd's Register of Shipping the total tonnage registered under the French flag in the present year is larger than in 1913. In June 1919 France had more than 2,000,000 tons of shipping which does not allow for the ton-



Port of Marseilles in 1919.

nage of German ships she is to receive under the Treaty of Peace. Bordeaux and Marseilles, the principal ports, have been enlarged and splendidly equipped. Nearly six miles of modern concrete docks were constructed during the war at Bordeaux in addition to large warehouses and railway terminals. Bordeaux is the Atlantic terminus for many Continental trade routes to Great Britain, Africa and the Americas. Marseilles, which holds a correspond-



Docks Near Bordeaux.

ing position for the Mediterranean countries, is at present actively engaged in the development of her large natural port. Three and three-quarters miles of quays are under construction and at the present time there is a program which aims to supply the port with 20 miles of quays as compared with $8\frac{3}{4}$ miles existing before the war. Under the terms of the Peace Treaty France is to acquire all the former German interests in the port of Rotterdam. This

port with its facilities for river transportation is conveniently situated to serve Alsace-Lorraine and should be of great value to French commerce of the future.

Conclusion

France has earned the confidence of her allies in the great war. There is no reason why this confidence should not be fully maintained. The military and economic vitality of the Republic surmounted the trials of the critical moments of the world war and that same vitality is now surmounting the much smaller problems of reconstruction. Whatever the burdens which the war has imposed on France in common with the other nations engaged, France has demonstrated that she is able and prepared to carry them. The record of her achievements in the war and, since the signing of the armistice, in peace is convincing evidence of the strength and the solidity of the nation. The people have recently given their answer to Bolshevism by returning an overwhelming majority of the supporters of the government in the national elections.

France will recover from this war as surely as she has recovered from previous wars. With the present opportunity in the fields of industry and trade the new France should become greater even than before. America is deeply interested in the recovery of France and of Europe if for no other reason than that she has made a national investment in Europe which in advances of money alone amounts to approximately ten billions of dollars. The restoration of normal conditions in France is only a matter of time and is a problem which France herself is capable of solving independently. However, the more

rapidly this restoration can be accomplished the greater the advantage to America and to the world as a whole. To the people of the United States is given the opportunity of lending their help and resources to bridge the transition period and thereby to bring about in comparatively little time the complete restoration.

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