

UACES 42nd Annual Conference

Passau, 3-5 September 2012

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Convergence and Divergence in the European Monetary System: German Hegemony and French Economic Policy (1979-1984)

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The bibliography about Franco-German relations became substantial these last years. No one disputes the role it has had and still has on the European integration process. However studies were restricted mostly to the relations between heads of state and to political guidelines. But, first and foremost this was the economic, monetary and financial issues that built Europe. And here more than elsewhere the Franco-German relations were structuring. Thus, Gilles Guitton chief of Pierre Beregovoy staff's upon his arrival at the Ministry of Finance in 1984, states: "The first thing did by the finance minister, such as now the president or prime minister, the first visit they do is Germany and at the time when Beregovoy was appointed, two days after he was in Bonn". From the renovation of the snake by the couple Giscard-Schmidt through the agreement on the independence of central banks signed by Mitterrand and Kohl Franco-German couple had shaped the monetary union. Since the beginnings of the European monetary system (EMS) until the troubles that had shaken the Euro zone the Franco-German summits determined the evolutions of monetary Europe. However political understanding was only one aspect that could explain this dominance in the Community decision making process. Indeed, within the community of the nine, France and Germany were the two largest economies.

The end of the 1970s was marked by a new oil shock that puts the economies of industrialized countries in trouble. It was the beginning of recession and budgetary discipline time. When at international level a new monetary orthodoxy took precedence over Keynesianism, the introduction of the new European exchange agreement had deeply changed the member states relations. The European monetary history was first and foremost that of a long process of harmonization of German and French economic policies. Between convergence efforts and desire to maintain a strong national monetary identity, the way was long and winding. After becoming the centre of community dynamics, Franco-German couple had then crystallized the difficult relationship between strong and weak currencies. The whole community work was marked by the meanders of these complex relationships.

This presentation focuses on one time summarizing the complexity of these relationships. Indeed, 1979 marks both the beginning of the EMS, resulting from the perfect understanding between Giscard and Schmidt, and the onset of the economic crisis behind the divergence of the two countries economic policy. At last, the dispute of 1983, is one of the break points sprinkled the Franco-German relations. Thus, in the early 1980s, the Franc-Mark evolutions guide the European integration following a common desire with different purposes. A tumultuous process made of close co-operation but also of intransigence and ultimatum. It will stress the place of the Franco-German co-operation in the implementation of the EMS, then consider the disagreements that leads to the crisis of 1983 and what it meant for the evolution of Franco-German relations but also for the European integration in general.

French-German engineering and the EMS creation

The creation of the European monetary system was one of the major episodes of the European communities history, it particular emphasized the importance of Franco-German relations in the European integration process.

Giscard and Schmidt pair working in EMS implementation

Indeed, the new exchange agreement owes its implementation to well know couple of the French President Valery Giscard d'Estaing and the German Chancellor Helmut Schmidt (Bitsch, 2001). The two men had met as finance minister between 1972 and 1974 before accede to power

in their respective countries just three days apart (Bitsch, 2001). They shared a common interest for the European economic and monetary union progress but with different goals. The French President saw the monetary union both as cement for the community and as an instrument of power for France. However, he feared the Europeans leaders' lack of political will (Weinachter, 2001). Fearing the economic crisis and French inflation, Helmut Schmidt guided the monetary union on the fight against inflation with as principal desire the improvement of policy makers' co-operation (Miard-Delacroix, 2001). The institution of the European Council in December 1974 allowed them to influence the European integration process. Heads of state had regular institutionalized summits - at least three meetings a year - and missions (Mourlon-Druol, 2010). The aim was to provide a comprehensive approach to the politics issues of European integration and to ensure cohesion of communities' activities. At the same time, it provided to French President and German Chancellor a unique framework for a new European dynamic. But monetary issues remained a subject of deep disagreement. Indeed, Germany was seeking to extend the influence of Mark as a strong international currency, while France sought aid for weak currencies countries.

Their power seizures were characterized by the first oil crisis and the end of the Bretton Woods system. The international economy knew at the same time, a recession and an important imbalance of payments. The movement which led to the end of the international exchange agreement came from European countries— Germany in 1971 followed by the UK in 1972— that no longer wanted to support the dollar, strengthens this idea of a refocus on a more coherent area which led the Mark as "the" strong" currency. Indeed, the ten SMI leading actors were composed by seven European countries, two North America countries and Japan. The American choice to conduct a policy independent of the international issues signed the rise of global floating exchange rates. At European level, the Werner plan failure followed by the establishment of the snake put a stop to the European integration. Although, this first European change agreement had expressed since 1972 the common desire of European Communities countries to refocus on a more consistent space protecting them against dollar developments and global imbalances. The proposition of Roy Jenkins, in 1977, redesign the snake appeared as a unique opportunity to revive the European construction. The French President and the German Chancellor, both former Minister of Economy decided to join their forces and the convergence of their aims to allowed progress on monetary union. Thus, the EMS creation derived from internal reasons, to boost European integration and European economies harmonization. But also from external reasons, to create a stability zone regrouping seven of the ten main monetary actors which had sharing territorial proximity (Boissieu, 1994). The idea was clearly expressed in

France from 1974 by the Director of the Treasury in a note to the Minister of economy and finance: “Every reason to think that next years will be as the first of the current decade, and perhaps more, tagged by international monetary disorders. If European countries still facing trade and payments problems as a disorganized order, they will lasting jeopardize their chances to build a community able to claim its monetary personality. They risk losing even what has been acquired in other ways than money. In other words, the difficulties that have hampered the birth and the proper development of the Europe of currencies are also a reason to persist »¹ . And more, the American decision was accepted by the major part of its monetary partners. A note of the French Treasury of 1975 said that no one was considering a return to fixed exchange rates and that” Even though, the American views would be theoretically challenged it was no majority in the IMF or the EEC, to oppose the United States asking them to accept solutions against their interests”².

EMS as a convergence factor

Since this time, there was at the height of the pyramid state a strong and close alliance that served these objectives as stated Michel Weinachter: “With them, France and Germany become "the voice of Europe" and alienate other partners” (Weinachter, 2001). But The Franco-German co-operation could not be confined to the Heads of State and Government meetings. This project needed a close co-operation of administrations, including central banks, required the prior consent of the wild *Bundesbank*. Helmut Schmidt had to go in person persuaded the *Bundesbank* council of the EMS advantages for Germany and threaten to limit the central bank independency if it did not support this initiative (Marsh, 1993). The *Bundesbank* autonomy allowing it to object to the economic policy decisions tightened the relations between the government and central bank. But, relations between administrations did not begin with the EMS project, especially central bank had European regular meeting as the monetary committee or Basle governor’s committee. Thus Philippe Lagayette Finance Inspector at the Treasury between 1973 and 1984 said: “At that time there were the summits of Franco-German Economic Forum, where there were both finance ministers, the two Treasuries and the two central banks on both sides, that

¹ SAEF (French Ministry of Finance archives) - B-0062106.1—note n° 2147CD by the Treasury Director (M.Larosière) to the Minister of Finance dated 29 August 1974 relating to: any monetary recovery of Europe.

² SAEF - B-0062106.1—note n°1703CD, E2 office of the under direction of Multilateral Affairs at the International Affairs Department of Treasury to the Minister of Finance dated 15 October 1975 relating to: negotiations on the exchange rate regime. P3-4

took place, I do not know if it was quarterly or every six months. [...] and these meetings between finance ministers and central bank governors were prepared, and so there were meetings at levels right below, so there were ongoing consultations”³. These last were increased by the implementation of the new European exchange rate agreement. Indeed, the EMS implemented in 1979 created a new constraint on its participants and obligated countries to strengthen the convergence of their economies. This new context required from both administration a strong collaboration and exchange of preferential information. “It was very important the Franco-German relations because at the time, there was a very systematic Franco-German coordination, so there were constant meetings. [...] So the contact, neither country was unaware of important things about the economic and monetary intentions of the other country”⁴. The new system implemented fluctuation margins of 2.25 per cent on both sides of a central rate for each currency requiring greater solidarity among the members. Indeed, once a currency approached the limit value or central rate, the government concerned should intervene to bring it back inside the fixed margins, possibly with support from its partners. And adopt the economic and budgetary measures necessary to limit currency fluctuation (Bitsch, 2006).

This produced constraints such as the need for coordinated exchange rate policies, and therefore the limitation of national monetary policies and to some extent a harmonization of inflation rate. Another innovation of the EMS was the setting of the ECU (European Currency Unit) as an accounting currency replacing the former unit of account and used as a reference for national currencies. Its value was determined by a weighted sum of all member states currencies, whether or not involved in the agreement of exchange. The weight of each currency was defined by the economic importance of the country, which corresponds to its position in the intercommunity trade and in the nine GDP. This composition was fixed but adjusted every five years. This calculation method leads to the following distribution: Deutschemark: 33 per cent, French franc: 19.8 per cent, Sterling pound 13.4 per cent, Dutch guilder: 10.5 per cent, Belgian and Luxembourg franc: 9.6 per cent, Italian Lira: 9.6 per cent, Danish Krone: 3.1 per cent and Irish pound: 1.1 per cent (Bitsch, 2006). Therefore, the Franco-German duet weighed 52.8 per cent in the currencies basket, which was more than all other currencies combined. This also means that they represented the greater part in the communities GDP and in the intercommunity trade.

³ Committee on the French economic and financial history—interview of Philippe Lagayette by the author made on 12/04/2009.

⁴ *ibid*

“There was truly some heaviness but which was quite normal, it was the two heaviest countries in terms of GDP after the war, it was undeniable”⁵.

The Franco-German was not only an institutional dynamic; it was at the centre of the proposed economic and monetary union. The European monetary system, built on the experience of the snake and the international monetary system, developed requirements of convergence and co-ordination in order to limit fluctuations and unwanted exits of the system. It became the symbol of Franco-German co-operation, focusing on monetary integration. Its realization was permitted by the closeness of the two leaders. But both countries saw near them electoral events which could break this great understanding. Therefore, the early 1980s was crucial for the recently European exchange agreement and the harmonization of the member countries economic policies.

French political alternation as a European divergence

In May 1981, the Socialist party came to power with François Mitterrand’s presidential election, after twenty-three years of opposition. During his run for presidency, Mitterrand had promised with the austerity policy defended by President Giscard and his highly unpopular Prime minister, Raymond Barre (Ross, Hoffmann & Malzacher, 1987). After his election, President Mitterrand largely followed his promises, practicing a reflation policy based on a large demand stimulus (Duchaussoy, 2011:73-93). But this new policy was not only the opposite of the one followed by the precedent government, it was also contrary to the economic policies mainstream in the developed world, and especially in Europe where France was engaged in the economic and monetary union (EMU) process. This commitment was stronger again since 1979 and the launching of the EMS, which required more convergence in its members’ economic policies (Mourlon-Druol, 2012).

Internal criticism around 1981’s French economic policy.

Thus, the French policy took a new orientation from May 1981, quite traditional for a French socialist government (Bergougnot & Grumberg, 2005). This one criticised the Giscard’s austerity policy and intended to fight actively against unemployment, which became the principal

⁵ Committee on the French economic and financial history—interview of Gilles Guitton by the author made on 19/03/2008

scourge to bring down. Sustained by some advisors, this economic policy was based on a fundamental concept: it was supposed to be an anticipation of a global recovery of economic growth at a world scale. Nevertheless, this new direction in managing the French economy was hardly criticized by the *Banque de France* and its governor Renaud de La Genière. Nominated two years before by President Giscard, he did not believe in the Mitterrand's view, and made it known.

It is true that in the same time, France had to face out a large defiance against the *Franc* from capitalists, particularly hard in the ten days which have followed Mitterrand's election. Immediately after his nomination, the Prime Minister Pierre Mauroy had to gather the main economic managers and should prepare and announce the reestablishment of exchanges control. These first measures were supposed to hold back the speculation flews against the *Franc*. In this context, the governor Renaud de La Genière advertised the government that a restrictive policy should not concern only the monetary policy, but the economic policy in its entirety. In the intimacy of the *Banque de France's* general council, where the director of Treasury is present, the governor warned that: "measures which have been taken are urgent measures (...) they must be relieved by the definition of a compatible economic policy"⁶. But the Bank's objective was not compatible with the government's one. The Treasury thus sustained that a restrictive budgetary policy would certainly have negative impacts on economic growth, employment and public resources, estimating that the economic and social cost of such a policy was too high⁷.

In this context, it was difficult for the French central bank to make its discordant voice heard. Nevertheless, the deterioration, month after month, in the state of the economy, made slowly its observations more considered. France suffered two major imbalances, an internal and an external one. Internally, the main problem was a high degree of inflation, superior to the European average rate. Since 1976, nevertheless, the *Banque de France* tried to negotiate with the government an annual objective of inflation targeting, principally in order to reduce the part of monetary creation from the Treasury in the French inflation (Duchaussoy, 2011: 23). Externally, the most important imbalance was the chronicle deficit of the balance of payments, due both to the price increasing of energy bill since 1979 and the second oil crisis, and to a lack of competitiveness from French firms on international markets. Thus, the stimulus operated in 1981 have profited more largely to importation than to local markets (Delors, 2004). But the main external constraint was not the economic one. The most important constraint on the French

⁶ABF (Archives of the *Banque de France*) - General council - May 27th 1981.

⁷SAEF (Archives of the French Ministry of Finance) - B52328/1 - Note n°145/040 from *direction de la prévision*, May 30th 1981.

government was political and was expressed by its European partners, in such institutions like the monetary committee or the central banks' governors committee of the European Economic Community (EEC). In these institutions, Germany quickly appeared as the main critical partner on French economic policy.

Germany, head of the European political contesting

If the French autonomous policy is criticized, it was largely because of the creation of the EMS in February 1979 (Mourlon-Druol, 2012). Compared to the *Snake* mechanism, the EMS was supposed to need more convergences between the members' economic policies. Yet, the policy established in France since May 1981 was deliberately against the stream. Thus, seeing a menace for the convergence in the ECC and the equilibrium of the EMS, France's European partners prayed their ally to adapt its economical conceptions to the crisis realities.

On 10th and 11th December 1981, the 276th session of the Monetary committee, ironically presided by the French Treasury director Jean-Yves Haberer, was almost entirely dedicated to the French case. This session illustrated the critics and the deep scepticism of the French partners in front of the chances of success of its economic policy. The various speakers highlighted particularly the structural character of the French problem and the necessity of setting up the monetary stability to the rank of prerequisite on the way back with a steady rhythm of growth. M. Balfour (Bank of England) illustrated the problem in questioning: "How to reconcile the stability of the Franc in the EMS with the planned inflation rate, which exceeds the average of the EEC?"⁸ His view was shared by M. Gleske, representing the *Bundesbank*, declared himself "surprised that one can prefer economic growth to stability while the experiment confirms that economic growth can be assured in the long term only if the monetary stability and the social peace are."⁹ Opposed to the government in the definition of the economic and monetary policy, the *Banque de France* largely used these arguments from the European institutions to relay, inside the French borders, its own worries. But all French partners were not equals in criticizing the Mitterrand's views on economic policy. Among them, the German voice had a specific audience.

In the beginning of the eighties, Bonn was thus in complete disagree with the economic goals followed by France, and worried about the menace of divergence it could represent for the

⁸ABF - 1489200205/130 - Report of the 276th session of the Monetary committee - December, 10th and 11th 1981, by Alain Prate, vice-governor of the *Banque de France*.

⁹*Ibid.*

EMS. In December 1981, the economic attaché of the French Embassy in Bonn advertised its government that the French policy was not understandable through a German eye: “Contrary to the convergence attended in the EEC, the French economic policy is a factor of difference.”¹⁰ Yet, Germany had acquired through the years a real strong leadership on economic and monetary questions, in which its authority and expertise was unanimously recognized. This is confirmed by Robert Raymond, former director of the Economic Studies at the *Banque de France* and chairman of the experts group of the Monetary Committee during ten years, from 1981 to 1991. “Step by step, the *Bundesbank* took an influence, including on the Bank of France. In the 1980s, the Germans were always critical towards the other European countries when they were less good than them from the monetary point of view, what, Raymond says, occurred quite often.”¹¹ The formal independence of the *Bundesbank* gave it a position of superiority toward the other central banks. Created on the Federal Reserve Bank model, it was, because of the historical inheritance of frightening for inflation, really concerned by inflation targeting and restrictive monetary policies.

Because of the deterioration of its economic situation, but also because of these requirements from the *Banque de France*, and moreover by its European partners, France tried since 1982 to change its economic policy in a more restrictive way. This reorientation of the economic policy, with a stronger control on inflation and budgetary deficit, is clearly operated in March 1983, with a third devaluation in eighteen months which confirmed the France’s attachment to European institutions.

1983, return to convergence

In 1983, France operated a real change in the conception of its economic policy; a change initiated in June 1982 after the G7 summit organized in Versailles. But, more than a conversion to the mainstream, this change revealed a choice for Europe, through the continuation of monetary integration. As it could be expected, this return to convergence has been deeply appreciated by the European countries which worried about the French new policy initiated in May 1981.

¹⁰ABF - 1489200205/130 - Note from P. Mordacq, attaché of the French Embassy in Germany, addressed on December 7th 1981 to MM. Haberer and Camdessus (Treasury), Cortesse (Prevision), Brunet et Jolivet (minister’s cabinet) and Prate (*Banque de France*).

¹¹Interview of Robert Raymond realised by the authors on January 2009, at the *Banque de France*.

French “turn” in economic policy: the choice of European integration

The debate around a rebalancing of France’s economic policy was born very early. The first notes recommending a change on economic views were written at the end of 1983 by the *Élysée’s* advisors staff, after a first and insufficient devaluation¹² in October 1981. Very quickly, the evidence came that a second devaluation of the Franc should be done, strengthened by an austerity plan. But, wanting to preserve France’s prestige before the G7 summit in Versailles and hoping to obtain more concessions by their German ally, Mitterrand and the government decided to delay it after the summit. But, despite some symbolic measures as a wage-price freeze, this second devaluation appeared two months after as insufficient. Then, the delicate operation had to be renewed. France should devalue another time. Since, a debate was settled down: should France give up the EMS to operate its austerity policy?

Such a guiding line was defended by some socialist politicians, such as Jean-Pierre Chevènement, Minister of Industry and Pierre Bérégovoy, General Secretary of the Presidency. Their position was quite simple. They defended that France should operate a competitive devaluation quitting the EMS and its constraints. The austerity necessity would be stronger again, but the political adjustment could be presented as an external constraint, by Germany fault, and preserve the parliamentary coalition with communists¹³. On the other hand, the *Élysée* advisors staff tried to convince President Mitterrand that such a policy would not be a good solution and would not France an austerity policy. They tried to avoid an release of the Franc from the EMS, described as “the worse solution”, which would menace France to be bothered by the International Monetary Fund (IMF)¹⁴. Seeming to hesitate and searching the best political solution, Mitterrand received advices from a large panel of politicians, economists, CEOs, etc.

Finally, Mitterrand took his decision. A third devaluation would be operated after the municipal elections of March 1983, and Franc would be kept in the EMS. For the government, which had to make this political reversal accepted by its traditional voters, Europe would be used to give a positive content at this new political line. As an example, external constraint was appointed as the major problem in the Plan presented in July 1983 - whereas it was employment for the temporary plan of 1981. For President Mitterrand, it was the confirmation of his

¹²These devaluations were not unilateral but a adjustment of the fluctuation margins within the EMS, negotiated with the other members of the system.(Duchaussoy, 2011: 95-112)

¹³The French communist party sustained the government, of which four communists were ministers.

¹⁴AN (French National Archives) - 5AG4/2140 - Note from Christian Sautter to the President, on December 13th 1982, about the Franc and foreign trade.

European commitment, which rose in the European Congress of Den Haag in 1949. For France, it was the awareness of the globalisation, which made more difficult for a relatively small country to follow an autonomous policy. France thus bet on European integration to make its voice internationally heard in the future. As it could be expected, this choice encountered a large favourable echo from the European government, previously so critical about the French policy.

German and European response to French decision (1983-1984)

The roughness of Franco-German negotiations around the revaluation of parities in March 1983 opened an unexpected breach in European community. The shock wave caused by the possible French output of the system proved the importance taken by the latter in less than five years. EMS had become a symbol of community and solidarity among member states, so that dropping out the system meant renouncing to the European project as a whole, which had never been the case in the days of snake (Frank, 2001). “EMS, a key element of stability, despite its ties, demonstrated the value of a systematic monetary co-operation. It was a domestically great asset and a valuable element of influence on international monetary developments.

Therefore: its strengthen and its extension to the pound sterling and the drachma, should be the subject of a comprehensive study by the Council of Ministers, then the European Council”¹⁵. Second, despite this symbolism, the idea to leave the system was no longer a taboo in France, but an option seriously considered by the highest spheres of government. Thus, the *Elysée* advisors evoked it as a possible alternative at least until 1987¹⁶. It reflected the French paradox, a displayed choice of Europe and at the same time continued to think solutions with and against the existing system¹⁷. After 1983 the threat to leave the EMS did not weigh the same way on the European partners and on Germany in particular:”From the German perspective, the output of the franc from the exchange rate mechanism was no longer a crisis factor. [...] The German

¹⁵ AN-5AG4/ EG 33/file2—Preparation of the European Council on 21 and 22 March 1983, G3 Treasury Department Office note of the 16 March 1983 entitled note of the Commission on the economic situation and economic policy for the EEC economic and Financial Advisory Council and on 21 and 22 March.

¹⁶ AN-A5G4/EG 87—note of Elisabeth Guigou of the 5 novembre 1987 for the President entitled the output of the European Exchange Rate Mechanism.

¹⁷ AN-A5G4/EG 86 et 87—note of Elisabeth Guigou of the 16 february 1984 (the Franc exit of the EMS), note of the Prime Minister services of the 7 December 1984 (strengthening of the EMS), of Elisabeth Guigou of the 5 novembre 1987 (the output of the European Exchange Rate Mechanism).

official circles were not unanimously in favour of EMS, the *Bundesbank* and Poehl in particular, were very distrustful of the EMS strong constraints on Germany”¹⁸.

The crisis of 1982-83 revealed the significance of the EMS, German and French were aware that it had become the core of communities and that the European integration process needed it strengthen. The Franco-German co-operation did not halt after these negotiations, the administrations worked to find an agreement on the nature of this development. French recent evolution showed to the other European members states the French government's willingness to persevere in the way of economic and monetary policies harmonization. As mentioned by the President of the *Bundesbank* in 1984: “Instead of wasting our energy in unrealistic visions, we should try to make the existing system as operational as possible. This implies an alignment of economic development at a level as high as possible and the greatest possible freedom of movement not only for goods and services but also for capital. This is the best way to preserve the effectiveness of the exchange rate system which, today and tomorrow, will form the core of the EMS”¹⁹.

This was the truth issue of the 1983 negotiations, implementing the convergence according to a Franco-German axis as Europe had to face the international fluctuations and maintain its stability zone. Indeed, at the international level the increase of European influence went through the credibility of their monetary stability zone (Boissieu, 1994). The EMS had strengthened the role of economic and monetary relations in the European integration. After 1983, France, praised by its partners for the abandonment of its economic policy exception, was able to cooperate with its ally from across the Rhine in order to develop economic and monetary union projects through strengthening the co-ordination monetary policies in the EMS but also on the implementation of common market²⁰. The French main aim lay in the quest for a solution that free it from the rigor of the *Bundesbank*, Germany was a tyrannical monetary partner and the most powerful Central Bank of the members States without opposition force (Marsh, 1992).

¹⁸ AN-A5G4/EG 87—note of Elisabeth Guigou for the Republic President of the 1 February 1984 entitled Ludwigshafen

¹⁹ AN-A5G4/ EG 87—note of the French Embassy in Bonn for the Treasury Department of the 26 December 1984 relating a speech of the Bundesbank President, M. Pöhl, on the EMS.

²⁰ ABF-1489200205/238—Report of the Committee of Governors meeting - May 10, 1983 and ABF - 1489200205/134 - Report of the 289th Session of the Monetary Committee of 13 April 1983, by Alain Prate.

Thus, the period was seriously marked by an exponential increase of divergence in French-German relations after François Mitterrand's election at French presidency. Thought, French and German had made steps in each other direction at the end of the seventies. Under Valéry Giscard d'Estaing and Helmut Schmidt's leadership, French and German appeared as motor for European economic and monetary integration. Nevertheless, the French policy that emerged from May 1981 did not represent a go back willing. It was the expression of a growing divergence in French and German monetary culture. France showed its attachment for solidarity inside the European Economic Community, and intended to be helped if its reflation policy caused some turbulence for the Franc. On German side, convergence in members' economic policy was seen as a priority, surely in order to pursue the economic and monetary integration at a more political scale. At this time, France did not see its own economic policy as a divergent factor, but as the expression of its particularity, a part of the so-called *expression culturelle française*. Mitterrand and his government thus felt progressively alone in a world economic and political field largely inspired by neo-liberalism leading by Ronald Reagan and Margareth Thatcher. That is why the 1982-1983's reversal was seen by the French left not as an economical but as a political and ideological defeat. Nevertheless, the French choice of scarifying its policy for European integration stability revealed the importance taken by European construction in less than thirty years. In adapting its economic policy to its partners exigency, Mitterrand did not give them right. He accepted the idea that for a small country as France, European construction durability was priority to national political ambition.

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