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May 1968 and the Origins of the Single Currency: A Connected History of European Integration

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This article proposes to connect the history of European integration with that of protest movements. Drawing on a transnational approach, it highlights a double link between the protest movements of spring 1968 in France and autumn 1969 in West Germany and the rise of the European Economic Community. Firstly, the completion of the common market on 1 July 1968 increased competition between European economies, fostering social demands on the eve of the protest. Secondly, the economic consequences of May 1968, both in France and in West Germany, underlined the new interdependencies of French and German societies within the common market. The need for convergence towards a ‘community of stability’ paved the way for negotiations on an economic and monetary union after the relaunch at the Congress of The Hague in December 1969.

Introduction

On 1 July 1968, the six member countries of the European Economic Community (EEC) lifted all customs duties and restrictions within the new common market. Eleven years after the treaty of Rome was signed on 25 March 1957, the liberalisation process finally achieved its last step to maximise the economic competition between the Six. The day before, on 30 June 1968, the Gaullist party had won the second round of the legislative elections in France. The new conservative majority would put an end to the students’ movement and workers’ strikes of May 68. Despite seven weeks of economic chaos, the French government decided to keep the commitment to its partners and renounced protection of the economic recovery by postponing the European deadline. The other member countries, who had already prepared for another scenario, welcomed de Gaulle’s courageous decision with relief.

Far from calling into question the European integration process, the unrest in France highlighted the interdependencies created by the common market. The growing competition among the Six increased pressure on the national economies and accelerated the diplomatic negotiations to facilitate economic convergence. Two years and a half after May 68, following the ‘*relance*’ during The Hague summit in December 1969, the Werner committee proposed a ten year plan to create an Economic and Monetary Union (EMU) among the Six. In the meantime, the transnational economic consequences of the May events in France had spread to other member states, stressing the need for common policy to accompany the economic convergence. West Germany quickly recovered from the 1966–7 economic crisis and faced a rapid growth that pushed the Deutsche Mark (D-Mark) up against the weakening French franc. The German government’s refusal to revalue led to a large diplomatic crisis with its Western allies during the Bonn monetary conference in November 1968. In West Germany, this monetary crisis ended in the autumn of 1969 in a large strike movement that started a trend of wage increases during the following decade.

The protest movements of the ‘1968s’ have often been described either as the fruitful failure of an anti-capitalist political revolution¹ or as the result of a successful consumerist cultural change.² Although economic issues play a central role in these interpretations of the protests, the economic context of the movements has been less studied. Boltanski’s *New Spirit of Capitalism* emphasised the contrast between the limited economic demands and the importance of the material responses of the governments and trade unions to the protests.³ On the contrary, historians highlighted the role of material demands like better wages and higher budgets for education policies in the widespread climate of contest.⁴ Fuelling the debate on the legacy of May 68, Margairaz and Tartakowski stressed the necessity to consider economic and social liberalisation in parallel with political and cultural liberation.⁵ The European integration process is a key element of this liberalisation, as it forced European societies to accept a higher competition level, economic challenges and hard governmental or corporate decisions that favoured protests. Although the link between social movements and the European integration process is often mentioned to explain the growing contests of the 1960s, few studies have systematically taken this issue seriously. German and French authors studied the role of workers’ and farmers’ unions in the European integration process, but without a specific focus on 1968.⁶ Unlike decolonisation or de-Stalinisation, European integration as a response to the economic globalisation and to the destabilisation of the international monetary system is rarely considered as a relevant factor to explain the social protests of the ‘1968s’ as a transnational or global event.

For their part, historians of European integration recently stressed the importance of taking into account the social and political consequences of the growing economic competition between European societies, as well as the role of non-state actors.⁷ However, historical research on the 1960s focussed mainly on diplomatic crises of the EEC.⁸ The influence of European integration on social demands and the impact of social movements on the European process have been emphasised by political scientists for recent periods.⁹ The impact of the European liberalisation process on workers’

¹ See Kristin Ross, *May '68 and Its Afterlives* (Chicago: University of Chicago Press, 2002); Ingrid Gilcher-Holtey, ed., *A Revolution of Perception?: Consequences and Echoes of 1968* (Oxford: Berghahn Books, 2014); Richard Vinen, *The Long '68: Radical Protest and Its Enemies* (London: Penguin Books, 2018).

² See Detlef Siegfried, *Time is on My Side. Konsum und Politik in der westdeutschen Jugendkultur der 60er Jahre* (Göttingen: Wallstein, 2006); Gerd-Rainer Horn, *The Spirit of 68. Rebellion in Western Europe and North America, 1956–1976* (Oxford: Oxford University Press, 2007); Martin Klimke and Joachim Scharloth, eds., *1968 in Europe. A History of Protest and Activism, 1956–1977* (New York: Palgrave Macmillan, 2008); Timothy Scott Brown, *Sixties Europe* (Cambridge: Cambridge University Press, 2020).

³ Luc Boltanski and Eve Chiapello, *The New Spirit of Capitalism* (London: Verso, 2005).

⁴ See Michael Seidman, *The Imaginary Revolution: Parisian Students and Workers in 1968* (New York: Berghahn Books, 2004); Ludvine Bantigny, *1968, de grands soirs en petits matins* (Paris: Seuil, 2018); Sonja Levens, *Autorität und Demokratie: Eine Kulturgeschichte des Erziehungswandels in Westdeutschland und Frankreich, 1945–1975* (Göttingen: Wallstein, 2019).

⁵ Michel Margairaz and Daniel Tartakowski, eds., *1968 entre libération et libéralisation. La Grande bifurcation* (Rennes: Presses universitaires de Rennes, 2010).

⁶ See Jean-Philippe Martin, *Histoire de la nouvelle gauche paysanne. Des contestations des années 1960 à la Confédération paysanne* (Paris: La Découverte, 2005); Jürgen Mittag, ‘Deutsche Gewerkschaften und europäische Integration: Forschungsphasen, Desiderate und Perspektiven aus historischer Sicht,’ *Mitteilungsblatts des Instituts für soziale Bewegungen* 42 (2009): 5–24.

⁷ See Kiran Klaus Patel, *Project Europe: A History* (Cambridge: Cambridge University Press, 2020); Brigitte Leucht, Katja Seidel and Laurent Warlouzet, eds., *Reinventing Europe: The History of the European Union, 1945–2020* (London: Bloomsbury, 2022). See also Richard Ivan Jobs, *Backpack Ambassadors: How Youth Travel Integrated Europe* (Chicago: Chicago University Press, 2017).

⁸ See Wilfried Loth, ed., *Crises and Compromises: The European Project 1963–1969* (Baden-Baden: Nomos, 2001); Piers Ludlow, *The European Community and the Crisis of the 1960s. Negotiating the Gaullist Challenge* (New York: Routledge, 2006); Jan Van der Harst, ed., *Beyond the Customs Union: The Europe Community’s Quest for Deepening, Widening and Completion, 1969–1975* (Brussels: Bruylant, 2007).

⁹ See Donatella della Porta and Manuela Caiani, eds., *Social Movements and Europeanization* (Oxford: Oxford University Press, 2009); Olivier Fillieule and Guya Accornero, eds., *Social Movement Studies in Europe: The State of the Art* (London: Berghahn Books, 2016).

demands and government education policies has never been systematically studied. While actors and academics have highlighted the gradual awareness of economic interdependencies within the common market, they have not shed light on the impact of social and political factors in the decision to launch the EMU process. Some authors tried to depict the influence of the transnational economic consequences of students' and workers' movements on the European diplomatic relaunch of The Hague in December 1969.¹⁰ However, the link between the economic and social instability of 1968 and the decision to commit the EEC to building a 'community of stability' remains largely unexplored.

This article contextualises the first EMU project and the emergence of the dissemination of the 'stability policy' in the framework of social protests and proposes a new reading of May 68 in the light of the European integration history. The connection between social and political history of the nation-states on the one hand and the diplomatic and institutional history of European integration on the other seems particularly relevant. It appears necessary for a better understanding of the Europeanisation process, of the alternatives and various choices that contributed to the acceptance of an increasing integration and to the design of the EMU.¹¹ Taking into account interdependencies implies writing a transnational and connected history that follows the circulating economic causes and consequences of political events and decisions.¹² This article intends to explore some decisive aspects of this history, based on the particularly relevant case of the Franco-German interdependences for European integration and the 1969 relaunch. It will highlight the impact of the growing competition within the common market on social destabilisation, stress transnational links between French and German protest movements of spring 1968 and autumn 1969, and emphasise their key role in the emergence of the 'community of stability' as the main European project of the following decades.

Social Unrest of the Early 1960s: The French Economy Facing the Challenge of European Competition

'It would be absurd for a country like ours to lock itself into customs and trade barriers as we used to do in the past. Therefore, to keep up with the times, day after day, competition is needed once again.'¹³ In his television interview on 14 December 1965, General de Gaulle pointed out the decisive choice France had made by signing and implementing the treaty of Rome in effect from 1 January 1958. During the following decade, France successfully joined the common market and even pushed to accelerate the liberalisation schedules. This choice was based on a fundamental change in the French global strategy, the abandonment of mercantilist politics within a colonial empire and the conversion to international competition as a key factor for the modernisation of the country.¹⁴ It was an essential pillar of the 'politics of Grandeur' implemented by de Gaulle to restore France's rank in the world during the 1960s.

For French society, this new strategy meant increased competition and a rapid economic liberalisation with major social changes. Gehrke and Horn as well as Martin pointed out that the protests of

¹⁰ See Mathieu Dubois, *Les conséquences économiques de Mai 68: du désordre social français à l'ordre monétaire européen* (Brussel: Peter Lang, 2018).

¹¹ See Martin Conway and Kiran Klaus Patel, eds., *Europeanization in the Twentieth Century: Historical Approaches* (Houndmills: Palgrave Macmillan, 2010); Gabriele Clemens, ed., *The Quest for Europeanization. Interdisciplinary Perspectives on a Multiple Process* (Stuttgart: Steiner, 2017).

¹² We borrow this concept from the global history of empires. Sanjay Subrahmanyam defines it as 'an all-encompassing concept for interpreting historical changes on both a large and a small scale, and the central position of which is to challenge the geographical conception underpinning conventional historiography' and 'a way of bringing together historical phenomena that have all too often been artificially separated by historiographical convention'. See *On the Origins of Global History* (Paris: Collège de France Inaugural Lectures, 2013), 1; *Explorations in Connected History: From the Tagus to the Ganges* (Oxford: Oxford University Press, 2005), 103. See also *Connected History: Essays and Arguments* (London: Verso Books, 2022).

¹³ Television interview on 14 Dec. 1965.

¹⁴ See Laurent Warloutzet, *Le choix de la CEE par la France: l'Europe économique en débat de Mendès-France à de Gaulle, 1955–1969* (Paris: CHEFF, 2011).

1968 were preceded by years of workers' and farmers' movements in Western Europe.¹⁵ In 1963–4, strikes broke out in Italy and the Netherlands to protect wages and working conditions. In France, the miners' strike of March 1963 and the Sud-Aviation strike in April 1968 circumscribe a period of growing protest before May 68. However, the link between these movements and the gradual implementation of the common market is rarely highlighted. Yet the strike in the textile factories of the Rhodiacéta in 1967 was caused by a reduction of the company's activity in order to restructure production to face European competition. Similarly, the fishermen's strike in Boulogne-sur-mer in March 1968 was motivated by an increase in productivity introduced to maintain activity in the face of falling prices on European markets. Few actors were as clear in their criticism of European liberalisation as the farmers opposing the Common Agricultural Policy (CAP) with the slogan: 'We don't want two Europes, one for the rich and one for the poor'.¹⁶ The following lines will try to clarify the conditions under which the French economy entered the European competition to better understand not only the rise of demands and protests in Europe, but also their specific scale in the case of France.

The conversion to a liberal policy meant a massive transformation of the French economy and was thus a major challenge for all actors. Unlike its partners and competitors, France was poorly prepared for this level of international competition. The French trade balance had been almost constantly in deficit since the end of the nineteenth century, and French trading culture remained largely protectionist.¹⁷ The rapid transformation of French society during the *Trente Glorieuses* was more radical than in any other country of the EEC except Italy. The French economy adapted quickly to a new level of international competition. In 1955, 12 per cent of French output was exported, compared to 21 per cent of German output. Nineteen years later, the French level (22 per cent) had caught up with that of Germany (27 per cent).¹⁸ This was mainly the result of the liberalisation within the EEC. The share of the common market in French foreign trade grew from one quarter to one half during the first decade.

To face the unprecedented competition among the Six, the French governments under de Gaulle introduced an economic liberalisation accompanied by an 'expansion' policy that focused on catching up with Germany in order to improve industrialisation and trade balance. Deepening the reforms undertaken by the last governments of the Fourth Republic, the economic consolidation programme of 1959 (called the 'Pinay-Rueff plan') balanced the budget, created a new currency (*Nouveau franc*) and freed prices and wages.¹⁹ This policy broke with the inflationary tradition of French society and with the double-digit inflation of the 1950s. Between 1962 and 1968, the inflation rate (21.5 per cent) was still higher than in West Germany (15.6 per cent), but it soon became one of the lowest among Western countries.²⁰ The growing Franco-German trade relations within the common market were not only a profitable partnership but also a major source of competition. Both countries became each other's main trading partner in 1958–62. However, this new partnership quickly turned to the advantage of West Germany.²¹ As in the other EEC member countries, the French reconstruction

¹⁵ Martin, *Histoire de la nouvelle gauche paysanne*; Bernd Gehrke and Gerd-Rainer Horn, eds, *1968 und die Arbeiter: Studien zum "proletarischen Mai" in Europa* (Hamburg: VSA-Verlag, 2007).

¹⁶ Quoted in Bantigny, 1968, 32.

¹⁷ See Jean-François Eck, *Histoire de l'économie française, de la crise de 1929 à l'euro* (Paris: Armand Colin, 2009), 70. See also Michel Hau, *France-Allemagne: la difficile convergence* (Bern: Peter Lang, 2015).

¹⁸ Hartmut Kaelble, *Der Boom 1948–1973. Gesellschaftliche und wirtschaftliche Folgen in der Bundesrepublik Deutschland und in Europa* (Opladen: Westdeutscher Verlag, 1992), 231–2. See also Christoph Buchheim, 'Die deutsch-französischen Wirtschaftsbeziehungen im Spiegel der Zahlungsbilanz 1945–1960,' in *Die deutsch-französischen Wirtschaftsbeziehungen 1945–1960. Les relations économiques franco-allemandes 1945–1960*, ed. Andreas Wilkens (Sigmaringen: Jn Thorbecke Verlag, 1997), 91–3.

¹⁹ See Michel-Pierre Chélini, 'Le plan de stabilisation Pinay-Rueff, 1958,' *Revue d'histoire moderne et contemporaine* 48, no. 4 (2001): 102–23.

²⁰ Archives Nationales de France (AN), 540 AP/21, folder 'Politique économique – juillet 69,' note for the Minister 'Les problèmes actuels de la politique économique' of 20 June 1969, 13.

²¹ See Buchheim, 'Die deutsch-französischen Wirtschaftsbeziehungen,' 90–91; Sylvie Lefebvre, *Les relations économiques franco-allemandes de 1945 à 1955. De l'occupation à la coopération* (Paris: CHEFF, 1998), 324–6.

Table 1. French trade with West Germany between 1960 and 1967 (in millions of French francs)

	1960	1961	1962	1963	1964	1965	1966	1967
Exports	4656	5407	6278	6622	7726	9580	10368	9730
Imports	4888	5626	6536	7760	9114	9439	11286	12434
Balance	-232	-219	-258	-1138	-1138	+141	-918	-2704

Source: Centre des Archives économiques et financières (CAEF), 1A-000046, folder 'Problème du déficit commercial de la France envers la R.F.A.', Annex 1: 'Problème du déficit commercial de la France envers la R.F.A.', September 1968.

and expansion were largely dependent on German exports of manufactured goods and coal. This dependence led to a growing external deficit in France (Table 1).²²

Despite French industrial policy, industrial production grew faster in West Germany (63.7 per cent) than in France (50.7 per cent) in 1958–66. While Italy (104.9 per cent) and the Netherlands (78.9 per cent) were effectively catching up, this was not the case with France.²³ Facing this situation, de Gaulle called for a revival of France's trade policy in February 1965.²⁴ The Quay d'Orsay painted a very worrying picture: the French GNP was now 8 per cent lower than in West Germany, whereas it had been 7 per cent higher in 1958.²⁵ Diplomats feared that the weakness of French industries would turn small and medium-sized enterprises into subcontractors of German firms.²⁶ The first years of the common market had proved that 'the view of a Europe where French agricultural exports would counterbalance German industrial exports [was] outdated'.²⁷ This situation was to worsen with the completion of the common market in 1968. France would lose the sectorial quota protection implemented to soften the initial shock of market opening. The modernisation of French industry had to accelerate, putting pressure on wages, employment and working conditions. The same applied to agriculture, where the Fifth Plan foresaw an accelerated reduction in the number of farms.

A New Wage Pressure in the EEC: The Economic Crisis in West Germany in 1966–7

The limits of the French catching up were not the only cause of the growing social unrest that can be connected to European liberalisation. European competition also increased because of the first effects of economic interdependence between France and West Germany on French working conditions as well as public budgets. Many studies emphasised the importance of material demands in the movements of 1967–8. The students' demands were based on academic studies stressing the importance of investing in education policy to meet the challenge of global competition (Picht, Fourastié, Aron).²⁸ At the same time, spending restrictions and the attempt to introduce selection at university through the Fouchet reform sparked student movements in the summer of 1967.²⁹ Among workers, wages and job protection were the two main demands of the multiple movements breaking out in 1967–8.³⁰ Bantigny stressed that these growing material demands created a 'situation of generation' shared by young students and young workers, leading to a convergence of struggles in France in

²² AN, 540/AP-21, folder 'Politique économique – juillet 69,' note for the Minister 'Les problèmes actuels de la politique économique' of 20 June 1969, 11.

²³ AN, 540/AP-13, folder 'Problème monétaire international,' Direction de la Prévision économique – Division de l'Actualité économique, Table V 'Production industrielle,' Oct. 1966.

²⁴ AN, AG/5(1)/2436, folder 'Commerce extérieur,' letter from de Gaulle to Pompidou of 9 Feb. 1965.

²⁵ AN, AG/5(1)/2436, folder 'Commerce extérieur,' note to de Gaulle of 16 Mar. 1965.

²⁶ AN, AG/5(1)/2438, folder 'Commerce extérieur Allemagne 1960–1965,' note 'Le développement comparé de l'Allemagne et de la France et leurs relations économiques réciproques' of 19 Mar. 1965.

²⁷ 'Aufzeichnung des Ministerialdirektors Frank – 21 Oktober 1969,' in *Akten zur Auswärtigen Politik der Bundesrepublik Deutschland (AAPD)*, 1969–2 (Munich: Oldenbourg, 2000), 1133–4.

²⁸ See Ben Mercer, *Student Revolt in 1968: France, Italy and West Germany* (Cambridge: Cambridge University Press, 2019), 34–35.

²⁹ See Didier Fischer, *Histoire des Étudiants en France de 1945 à nos jours* (Paris: Flammarion, 2001), 299–307.

³⁰ See Jean Vigreux and Xavier Vigna, *Mai-juin 1968. Huit semaines qui ébranlèrent la France* (Dijon: Presses universitaires de Dijon, 2010).

the spring of 1968.³¹ That said, it seems important to explain this increase in material demands by economic considerations. Although economic causes are not absent, the analysis of spring 68 focused on national explanations to the detriment of a transnational and comparative perspective. Indeed, the transnational economic context of 1967 and spring 1968 sheds light on the interdependencies within the common market and their consequences for the social context in France, in particular for the increased pressure on wages and public policy budgets.

The French economy was affected by the indirect negative repercussions of the German economic crisis of 1966–7. The recession in West Germany boosted the German trade surplus by lowering wages and reducing prices. In fact, German growth was undergoing a transition after the ‘economic miracle’. Productivity gains remained limited and inflation increased.³² The restrictive monetary policy of the Bundesbank worsened the situation and caused a recession in the autumn of 1966. The Grand Coalition government formed in December 1966 reoriented economic policy. In June 1967, the social-democrat Federal Minister for Economics, Karl Schiller, passed a stability and growth law and launched an economic stimulus package. One of the most important measures was the introduction of a ‘concerted action’ that promoted a social dialogue between the federal and regional governments, the Bundesbank, trade unions and employers’ organisations.³³ The success of the ‘concerted action’ contributed to limiting wages in the following years. In the context of rising unemployment, trade unions proclaimed a wage moderation in order to support the SPD’s return to power. West German wages grew by only 1 to 2 per cent in 1967 and 4 to 5 per cent in 1968.³⁴ Facing a contraction of domestic demand, West German companies reorganised their production and intensified their efforts to conquer foreign markets. The competitiveness of German products increased by 7.2 per cent in 1969.³⁵ Inflation was almost zero (0.4 per cent) and the inflation gap with France (4.6 per cent) increased. Between 1964 and 1968, costs and prices remained almost the same in West Germany, while they increased by 7 points among their main West European competitors.³⁶ All this contributed to the excellent figures on a foreign balance sheet whose surpluses reached 18.4 billion in 1968.³⁷ The German trade surplus even became worrying for the balance of the world economy.

On the eve of the abolition of the last customs barriers, West German stabilisation policy contributed to increasing pressure on wages in the other EEC countries. In Western Europe, the 1960s were a decade of rapid wage increase that saw ‘the end of the proletariat’ (Table 2).³⁸ In spite of this convergence, significant national disparities remained. After Italy, France was the country with the highest increase (+103 per cent). French wages were gradually catching up with those of the Germans (+86 per cent).³⁹ However, this was not the case for industry, where the wage increase remained limited in France (+70 per cent). The share of wages in production costs in France remained lower than in other Western European countries. Finally, the average number of hours worked per year was higher in France (2,259) than in the other EEC countries and in particular in West Germany (2,078).⁴⁰

³¹ Bantigny, 1968, 71.

³² See Wolfram Weimer, *Deutsche Wirtschaftsgeschichte: Von der Währungsreform bis zum Euro* (Hamburg: Hoffmann und Campe, 1998), 178.

³³ See Tim Schanetzky, *Die große Ernüchterung. Wirtschaftspolitik, Expertise und Gesellschaft in der Bundesrepublik 1966 bis 1982* (Berlin: Akademie Verlag, 2007), 73–4.

³⁴ Arnulf Baring, *Machtwechsel. Die Ära Brandt-Scheel* (Stuttgart: Deutsche Verlags-Anstalt, 1982), 140.

³⁵ Bundesministerium für Wirtschaft, *Jahreswirtschaftsbericht 1970 der Bundesregierung* (Bonn: Deutscher Bundestag, 1970), 12.

³⁶ Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, ‘*Alternativen Außenwirtschaftlicher Anpassung*’, *Jahresgutachten 1968/69* (Stuttgart-Mainz: Kohlhammer Verlag, 1968), 32.

³⁷ Baring, *Machtwechsel*, 140.

³⁸ Dietmar Süß, *Kumpel und Genossen: Arbeiterschaft, Betrieb und Sozialdemokratie in der bayerischen Montanindustrie 1945 bis 1976* (Munich: Oldenbourg, 2003), 320–32.

³⁹ AN, 540/AP-13, folder ‘Problème monétaire international,’ Direction de la Prévision économique – Division de l’Actualité économique, Table VI ‘Indice des salaires horaires bruts dans l’industrie,’ Oct. 1966.

⁴⁰ CAEF, 1A-0000071, folder ‘M. Lafougère et J.-M. Clerc (28 Feb. 1968–28 Feb. 1969),’ note to the Minister ‘Réduction de la durée hebdomadaire du travail’ of 9 Aug. 1968.

Table 2. Index of gross hourly wages in the industry between 1958 and 1966 (1958 = 100)

	France	West Germany	Italy	Netherlands	Belgium	UK	USA
1959	106	105	102	101	102	103	104
1960	113	115	107	111	105	108	107
1961	122	127	115	116	109	114	110
1962	133	142	132	127	114	118	113
1963	145	152	154	139	122	122	117
1964	154	165	175	158	134	128	120
1965	163	181	187	173	145	136	124
1966	170	190	-	185	157	143	128
1st semester							

Source: AN, 540 AP-13, folder 'Problème monétaire international', Direction de la Prévision économique – Division de l'Actualité économique, table VI 'Indice des salaires horaires bruts dans l'industrie', October 1966.

Overall, West German employees enjoyed better wage and working conditions than the French. In the spring of 1968, the French government and trade unions agreed that there was a wage problem in France. The press spread the idea that French salaries were among the lowest in the EEC.⁴¹ These debates maintained a climate of social protest and opposition to the stabilisation policy led by the Gaullist government.

The social climate worsened in France as Pompidou's government strengthened the consolidation policy during the winter of 1967–8. In response to the deterioration in trade with West Germany and to prepare for the 1 July deadline, the Minister of Economy and Finance, Michel Debré, limited public spending to slow growth and reduce inflation.⁴² Imitating West Germany's stabilisation policy, the French government encouraged companies to moderate wages. For the first time since 1960, the purchasing power and the minimum wage (*SMIG*) stagnated from the second half of 1967. At the same time, the deterioration of the economic situation caused fears of a return to mass unemployment. Despite the creation of the national job agency (*ANPE*) in July 1967, the unsatisfied employment applications peaked at 465,000 in April 1968, which was more than in the post-crisis West Germany.⁴³ Even if the official rate was only 2.6 per cent, unemployment was the first concern of French workers and students during the first months of 1968. In education, the rapid growth of public budgets during the early 1960s was replaced by an anti-inflation policy in 1967–8. Facing a budget deficit, the government chose to cut civil servants' wages, to limit hiring in education and to postpone necessary but expensive pedagogic reforms.⁴⁴ In addition to implementing the selection process already provided in the Fouchet plan, the government was planning to limit teacher recruitment as well as construction of new university buildings. All these measures came into direct conflict with the students' main demands. The risk of an economic slowdown and the pressure from the political opposition forced the government to implement a late and limited economic stimulus in January 1968.

Was this final convergence effort the 'spark' that ignited the protests in May? This hypothesis has been suggested by the Minister of Social Affairs, Jean-Marcel Jeanneney,⁴⁵ and by de Gaulle's economic advisor, Alain Prate:

But one may wonder whether, by imposing such a rigorous discipline on the French economy, the Plan was not asking too much of the French people [...] at the cost of a growing malaise. Of

⁴¹ *La Correspondance économique*, 25 Mar. 1968.

⁴² See Philippe Rouvillois, 'La politique fiscale de Michel Debré, ministre de l'Économie et des Finances de janvier 1966 à mai 1968,' in *Michel Debré, un réformateur aux finances, 1966–1968*, ed. Comité pour l'Histoire économique et financière de la France (Paris: CHEFF, 2005), 69–72.

⁴³ AN, 540/AP-16, report of the INSEE 'Aperçu sur l'économie française en juillet 1968,' 7.

⁴⁴ AN, AG/5(1)/876, folder 'Conseil restreint – 22 avril 1968 – Préparation du budget 1969,' note 'Perspectives générales du budget' of 20 Apr. 1968.

⁴⁵ Jean-Marcel Jeanneney, *Une mémoire républicaine. Entretiens avec Jean Lacouture* (Paris: Seuil, 1997), 235.

course, its reasons were not all of an economic nature, but this malaise was to contribute to the virulence of the events of 1968.⁴⁶

The trade unions shared this diagnosis and stressed the low level of French wages in comparison with other EEC countries.⁴⁷ In a period of rapid economic growth, the population poorly understood the stabilisation efforts required by the government for diplomatic and economic goals within the EEC. Pressure on wages and budget cuts in education created a particularly explosive social climate in France. Historians stressed the continuity between the strike movements of early spring 1968 and the protests of May 68.⁴⁸ The strikes that broke out on 13 May in support of the student movement were fuelled by demands relating largely to pressure on working conditions and wages. At the Renault factory in Cléon, which played a key role in the start of the national movement, the workers decided to occupy the work site in order to obtain the end of temporary contracts, higher wages and shorter working hours.⁴⁹ The causes of May 68 are obviously not exclusively of an economic nature, but the context of the new convergence policies and the lack of harmonisation of working conditions within the common market also deserve better consideration in the analysis of the growing unrest in France on the eve of May 68.

European Interdependencies: The Economic Consequences of May 68

Unlike most protest movements in Western countries in 1967–8, in France, a wave of strikes accompanied the student movement and triggered a political crisis but also serious economic consequences on the eve of the common market's completion. The French upheaval has long been explained by demands for democratisation and the influence of internationalism within minority groups of neo-Marxist students. Over the last twenty years, historians have emphasised the importance of the material demands of students, workers and farmers, who played a key role in the French mobilisation behind trade unions.⁵⁰ This explains the importance of the material response given by the government and the unions through the Grenelle negotiations, despite the dissatisfaction of a large part of the rank-and-file with their results. As shown by Frank, the 'Grenelle agreements' also played a central role in the French debate on the consequences of 1968, which were supposedly the starting point of the country's economic decline.⁵¹ However, little attention has been paid so far to the European deadline of 1 July, although this is a key issue for both companies and the government. Similarly, the economic consequences have hardly been analysed transnationally in terms of interdependence between European economies. Inflation, trade imbalances, as well as speculation waves also deserve an in-depth study to highlight the consequences of social unrest on European integration. Three major consequences could have threatened French competitiveness: the fall of industrial production, the wage increase after the 'Grenelle agreements' and the currency speculation with massive capital flight.

The break in production was at first the main concern for French and European governments. For the vice-president of the European Commission, Raymond Barre, it was an unprecedented 'phenomenon that had never occurred before on this scale in any of the EEC countries'.⁵² However, these

⁴⁶ Alain Prate, *Les batailles économiques du général de Gaulle* (Paris: Plon, 1978), 171.

⁴⁷ AN, 20060135/14, Archives of the Assemblée nationale, minutes of the sessions of the Commission des Finances, session on 4 Sept. 1968, 62–63.

⁴⁸ Xavier Vigna, *L'insubordination ouvrière dans les années 1968. Essai d'histoire politique des usines* (Rennes: Presses universitaires de Rennes, 2007), 26 and 50–51.

⁴⁹ Philippe Artières and Michelle Zancarini-Fournel, eds., *Mai 68. Une histoire collective 1962–1981* (Paris: La Découverte, 2018), 231.

⁵⁰ Fischer, *Histoire des Étudiants*; Martin, *Histoire de la nouvelle gauche paysanne*; Vigna, *L'insubordination ouvrière*; Bantigny, 1968.

⁵¹ Robert Frank, *La hantise du déclin. La France 1919 à 2014* (Paris: Belin, 2014).

⁵² *Bulletin des communautés européennes*, 142, 22 July 1968.

analyses soon proved to be far too alarmist. The disruption was limited to five weeks and affected only some of the companies.⁵³ Contrary to popular belief, there was no general strike. The movement did not affect more than six to seven million employees during the last weeks of May. The return to normal occurred gradually in June. In spite of the standstill in railway traffic during two weeks, road traffic and stocks limited the difficulties of supply. Overall, 750 million working hours had been lost and the output gap was estimated at 3 per cent of the annual production. The fall in production in May and June was sharp in the automobile industry (–58 per cent), in electric power generation and in the steel industry (–34 per cent). However, these few weeks of partial break in production could not jeopardise the annual balance of a growing economy. The strikes were followed by a rapid catch-up, which partly compensated the production loss of the spring.⁵⁴ Finally, the annual GNP growth reached 4.3 per cent in 1968.

The second concern for de Gaulle was the long-term consequences of wage increases on national competitiveness.⁵⁵ On 27 May, Pompidou's government, trade unions and employers' organisations concluded the so-called 'Grenelle agreements', which included better working conditions and a major wage increase.⁵⁶ The 1 July 1968 deadline was the backdrop to these negotiations.⁵⁷ On the one hand, French companies wanted to avoid a long-term degradation of their competitiveness by too high wage increases. On the other hand, they feared being driven out of international markets by their competitors were the strikes to continue. Facing a revolutionary situation, employers chose to concede immediately with high wage increases that would be rapidly wiped out by an inevitable devaluation of the franc. The government had hoped to avoid such a scenario, but had to accept it.⁵⁸ In the following months, the 'Grenelle agreements' led to a 12.9 per cent wage increase overall and a 35 per cent increase to the minimum wage.⁵⁹ This was 8.3 per cent more than the projected increase for the year 1968, far from the major salaries adjustments in France in 1936 or in the Netherlands in 1963–1964 (+18 per cent).⁶⁰ The wage increase boosted consumption and accelerated inflation (4.3 per cent), widening the inflation gap with West Germany (+1.8 per cent). In one year, inflation wiped out most of the wage gains of 'Grenelle' (Table 3).⁶¹

More than the temporary loss of foreign markets, increased domestic demand deteriorated the French trade balance. In addition to wage increases, domestic demand was also sustained by the stimulus package implemented by the government to avoid a recession.⁶² While the French trading situation had improved during the first months of 1968 thanks to the return of German growth, the catch-up of demand until the autumn led to growing deficits in 1968 and 1969.⁶³ Half of the French deficit (3 billion francs) was due to Franco-German trade. Despite this, the government refused to postpone the 1 July deadline. It unilaterally introduced temporary export compensations and quotas on the French

⁵³ AN, 540/AP-16, report of the INSEE 'Aperçu sur l'économie française en juillet 1968.'

⁵⁴ Banque de France, *Compte rendu des opérations présenté à Monsieur le Président de la République au nom du Conseil général de la Banque de France par M. Olivier Wormser, gouverneur, et rapport de MM. les censeurs, Exercice 1968* (Le Plessis-Robinson: Imprimerie Blanchard, 1969), 5–6.

⁵⁵ AN, AG/5(1)/49, note of Debré to de Gaulle on 18 May 1968.

⁵⁶ See Gilles Richard, 'Georges Pompidou et la question sociale en mai 1968,' in *Georges Pompidou et Mai 68*, ed. Bernard Lachaise and Sabrina Tricaud (Brussels: Peter Lang, 2009), 39–48.

⁵⁷ AN, 19860561/2, folder 'Accords mai-juin 1968,' minutes of the sessions held on 25, 26 and 27 May, 6 and 18–19.

⁵⁸ See Jeanneney, *Une mémoire républicaine*, 236–7; Éric Roussel, *Georges Pompidou 1911–1974* (Paris: Jean-Claude Lattès, 1994), 240.

⁵⁹ AN, 540/AP-21, folder 'Politique économique – juillet 69,' Direction de la Prévision du ministère de l'Économie et des Finances, 'Projet de rapport sur les budgets économiques de 1969 et 1970,' May 1969, 28–9.

⁶⁰ AN, 540/AP-16, confidential report of the INSEE 'L'explosion des salaires aux Pays-Bas et ses conséquences.'

⁶¹ Bernard Poloni, 'Éléments de "crise" économique et sociale durant les années 1960: Accords de Grenelle vs. Loi de stabilité,' in *Krisen und Krisenbewusstsein in Deutschland und Frankreich in den 1960er Jahren*, eds. Bernhard Gotto, Horst Möller, Jean Mondot and Nicole Pelletier (Munich: Oldenbourg, 2012), 125.

⁶² AN, 540/AP-21, folder 'Politique et conjoncture économique 68–69,' Bureau de Presse du Ministère de l'Économie et des Finances, statement of 10 July 1968 'Le second projet de loi de finances rectificative pour 1968.'

⁶³ Banque de France, *Compte rendu des opérations... 1968*, 10.

Table 3. Consumer prices inflation in the major Western economies between 1967 and 1969

	1967	1968	1969	First Semester 1968	Second Semester 1968	First Semester 1969	Second Semester 1969
FRANCE	2.7	4.6	6.0	4.1	5.1	6.0	6.3
WEST GERMANY	1.5	1.8	2.6	1.5	2.2	2.5	2.8
NETHERLANDS	3.4	3.7	7.4	3.9	3.6	7.8	7.1
BELGIUM	2.9	2.7	3.7	3.0	2.5	3.5	3.9
ITALY	3.2	1.4	2.7	1.8	0.8	1.6	3.4
UNITED KINGDOM	2.8	4.2	5.4	3.9	4.5	5.2	5.6
UNITED STATES	2.9	3.9	5.0	3.8	4.2	4.7	5.2

Source: Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, 'Im Sog des Booms'. Jahresgutachten 1969/70 (Stuttgart-Mainz: Kohlhammer Verlag, 1969), 4.

sectors most vulnerable to competition (automobile, textiles, steel).⁶⁴ Supported by the European Commission, France asked for solidarity from its partners by requesting a 'mutual assistance' procedure (art. 108 of the EEC-Treaty). West Germany took an increasing share in the support granted to France. It provided a quarter of the international financial aid granted to France in the summer and autumn of 1968.⁶⁵ Currency quickly became the main concern of the French government. During the 1960s, the new French franc had acquired a solid reputation of stable and strong currency. The policy of the *franc fort* had been one of the pillars of de Gaulle's 'politics of Grandeur'.⁶⁶ However, the beginning of the workers' strike on 13 May launched speculative waves and a flight of capital. The government was forced to reintroduce capital controls on 31 May. Speculation peaked in the last week of June, but continued during the summer, spurred by government stimulus and budget deficit. The removal of capital controls on 4 September triggered a second wave of speculation that would degenerate into currency panic in November. On 20 November, the French government was forced to close the markets. By this time, the Banque de France had lost half the comfortable reserves (34 billion francs) it held before the crisis.⁶⁷ Six months after the protest, the French economy was facing the prospect of a devaluation.

Ultimately, as it had been the government's key diplomatic choice since 1958, May 68 did not stop the 1 July deadline from being met. However, it did reveal to French and Germans alike the importance of European interdependencies and the limits of the stabilisation policy within the new common market. It also placed France under increased speculative pressure, as well as financial and monetary dependence on its partners, particularly West Germany.

A Transnational Consequence of May 68: The German Wildcat Strikes

Despite these domestic causes, the crisis of the French currency was also a part of a bigger picture. Historians of international monetary relations usually depict the monetary crisis following May 68 as an episode in the general crisis of the international monetary system after the devaluation of the British pound in November 1967 and the negotiations on the Special Drawing Rights proposed by the United States to compensate the fall of the dollar.⁶⁸ The diplomatic consequences of this monetary crisis have also been described as well as the failure of the Bonn conference in November 1968 to force

⁶⁴ AN, 540/AP-16, Bureau de Presse du ministère de l'Économie et des Finances, 'Mesures temporaires concernant le commerce extérieur,' 26 June 1968.

⁶⁵ Politisches Archiv des Auswärtigen Amts (PA-AA), B 24, 634-1, note (III A 1) 'Lagebesprechung bei dem Herrn Bundeskanzler am 17 Dezember 1968,' 13 Dec. 1968.

⁶⁶ See Michel-Pierre Chélini, *Histoire du Franc français au XX^e siècle* (Paris: Picard, 2001).

⁶⁷ Banque de France, *Compte rendu des opérations... 1968*, 26.

⁶⁸ Harold James, *International Monetary Cooperation Since Bretton Woods* (Oxford: Oxford University Press, 1996).

a revaluation of the D-Mark.⁶⁹ However, most authors insist on the ‘limited impact of student protest’ on this economic and diplomatic history.⁷⁰ Indeed, the domestic importance of this monetary and diplomatic crisis for the resolution of social unrest in France is never placed in a transnational perspective explaining the French position by European interdependencies, especially by the German domestic context. The same can be said of the evolution of the West German economic culture and of the extension of social tensions to West Germany. As a diplomatic consequence of May 68, the monetary crisis of November 1968 highlighted a major factor blocking Europeanisation, namely the limits of solidarity in the face of interdependencies. It revealed the Germans’ attachment to their currency and their reluctance to give up its strength. It also gave shape to the criticism levelled by France and other Europeans at the monetary power and lack of solidarity of the Germans in Europe. The fundamental oppositions over future monetary union negotiations had thus emerged in the wake of May 68. Finally, the economic and social consequences of the November diplomatic crisis have barely been analysed in a transnational perspective by the German literature on the wildcat strikes of autumn 1969.⁷¹ By linking the French protest to the German strike movement of autumn 1969, the monetary crisis demonstrates the relevance of economic interdependencies for the transnational history of 1968.

Amongst the main Western economies, only the D-Mark remained a strong currency after May 68. Trade surpluses and speculative waves inflated the Bundesbank’s gold and dollar reserves from 4.7 billion D-Mark in January 1968 to 33.3 billion in November.⁷² Under those circumstances, West Germany’s allies asked for a revaluation of the D-Mark. However, the idea of a revaluation was against the economic culture of West German political leaders. Monetary stability had been a fundamental element of the ‘Social Market Economy’ since 1948. The rapid export boom during the ‘economic miracle’ was underpinned by the undervaluation of the D-Mark that reduced the price of West German products. As Germany demonstrated, the monetary undervaluation remained a keystone of the first West German economic model in the 1950s–1960s.⁷³ Nevertheless, the Bundesbank and most German experts were already in favour of a revaluation in the summer of 1968. According to the Council of Economic Experts (*Sachverständigenrat*) and the Scientific Council of the Federal Ministry for Economics, a revaluation was necessary to fight against ‘imported inflation’ that was caused by other countries’ trade deficits.⁷⁴ While the Federal Minister for Economics, Karl Schiller, was concerned about jeopardising the recovery, the Federal Minister of Finance, Franz Josef Strauß, supported the interests of export industries and farmers.⁷⁵ Above all, German opinion considered that monetary imbalances were the result of policies and social unrest in other countries. It was therefore not West Germany’s responsibility to change its model to resolve them.

Following these domestic debates, the Bonn conference on 20–22 November 1968 was a failure, despite combined pressure from the Western allies. To avoid a revaluation, the Bundestag adopted a series of temporary measures to rebalance Franco-German trade: a 4 per cent tax on West German exports and a 4 per cent subsidy on imports. At the same time, West Germany was taking an increasing share in international financial support to France (\$1.65 billion in credit), now playing a financial role equivalent to that of the United States.⁷⁶ Meanwhile, the French government launched a new stabilisation programme with significant budget cuts and the reintroduction of exchange

⁶⁹ See William Glen Gray, ‘“Number One in Europe”: The Startling Emergence of the German Mark, 1968–69,’ in *Central European History* 39, no. 1 (2006): 56–78. See also Benedikt Schönborn, *La mésentente apprivoisée: de Gaulle et les Allemands (1963–1969)* (Geneva: Graduate Institute Publications, 2014).

⁷⁰ William Glen Gray, *Trading power, West Germany’s Rise to Global Influence, 1963–1975* (Cambridge: Cambridge University Press, 2023), 172.

⁷¹ Peter Birke, *Wilde Streiks im Wirtschaftswunder. Arbeitskämpfe, Gewerkschaften und soziale Bewegungen in der Bundesrepublik und Dänemark* (Frankfurt: Campus, 2007).

⁷² Baring, *Machtwechsel*, 140.

⁷³ Julian Germann, *Unwitting Architect, German Primacy and the Origins of Neoliberalism* (Stanford: Stanford University Press, 2021), 59–78.

⁷⁴ ‘Sondergutachten vom 3. Juli 1968,’ in *Jahresgutachten 1968/69*, 119–20.

⁷⁵ PA-AA, Bestand B 52, 581, report on a D-Mark revaluation, Sept. 1968.

⁷⁶ Banque de France, *Compte rendu des opérations... 1968*, 26.

controls.⁷⁷ The franc was saved temporarily. However, the diplomatic consequences of the monetary crisis were disastrous. The international press reported loudly on the German diplomatic ‘victory’. The *Bild-Zeitung* headlined: ‘Now, the Germans are number one in Europe’.⁷⁸

These domestic and diplomatic debates on the revaluation of the D-Mark raised the question of the West German monetary strategy in world trade. Whether West Germany could keep an undervalued D-Mark and continue to favour its exports and accumulate a trade surplus, or if it could assume the strength of its economy with a strong currency, a higher purchasing power for the population, but also increased political responsibilities within the international monetary order. The Grand Coalition postponed this fundamental political choice to the general election of September 1969. In the meantime, the pace of German growth accelerated, supported by the strength of US and French domestic demand. Under these circumstances, the measures taken in November by the Bundestag soon proved insufficient to limit the German trade surplus.⁷⁹ The economy was almost overheating and the inflation gap with Germany’s main trade partners was now over seven points.⁸⁰ Once again, the French context reopened the debate on German revaluation. De Gaulle’s withdrawal on 27 April 1969 triggered a new wave of speculation on the D-Mark even stronger than those in May and November 1968. Between 28 April and 9 May 1969, 17 billion D-Mark were traded. Not only the experts and the Bundesbank, but now also the Federal Minister for Economics called for a revaluation. Schiller saw imported inflation as a greater evil that would force him to pursue a restrictive fiscal policy in the long term and risk fuelling the growing social protest among workers.⁸¹ A revaluation would mean an increase in the purchasing power of employees. Schiller asked for a 6.25 revaluation but was outvoted in the government by a coalition behind Strauß.⁸² The revaluation became a campaign theme of the SPD (Social Democratic Party) with the support of the unions. On the other side, Strauß and the CDU/CSU (Christian Democratic Union/Christian Social Union) defended the interests of the export industry and of the farmers who would lose a substantial part of the European subsidies in case of a revaluation.

Most importantly, the revaluation debate questioned the monetary model of an undervalued D-Mark that had contributed to the ‘economic miracle’ in the 1950s. Most experts considered that the fight against inflation should become the first priority of the monetary policy.⁸³ Therefore, the consequences of a strong D-Mark had to be accepted by exporting companies that were now ready to face international competition. In other words, West Germany had to assume its newfound economic power. This fundamental debate became a major issue in the campaign of the parliamentary elections and blocked the international monetary situation for months. In France, the deterioration of the trade and monetary situation did not justify in itself a devaluation. However, the franc was no longer able to resist the speculative wave that was looming with the German elections in September. The German elections were a ‘monetary horizon’ for the French government that decided to devalue the franc by 12.5 per cent on 11 August 1969.⁸⁴

⁷⁷ AN, 540/AP-21, folder ‘Mesures nouvelles – Politique économique 68,’ Service de l’Information du Ministère de l’Économie et des Finances, ‘Le dispositif de redressement économique et financier – les économies budgétaires prévues pour 1969,’ 27 Nov. 1968.

⁷⁸ ‘Jetzt sind die Deutschen die Nummer 1 in Europa,’ *Bild-Zeitung*, 23 Nov. 1968.

⁷⁹ *Jahresgutachten 1969/70*, 7.

⁸⁰ Bundesarchiv Koblenz (BArch), Kabinettsprotokolle, Sondersitzung am 9. Mai 1969, Währungspolitische Lage.

⁸¹ Lütjen, *Schiller*, 254.

⁸² PA-AA, Bestand B 52, 587, note (III A 1) on ‘Antrag auf Besserung der Währungsparität der Deutschen Mark um 6,25%,’ 2 May 1969.

⁸³ Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, ‘*Binnenwirtschaftliche Stabilität und außenwirtschaftliches Gleichgewicht.*’ *Sondergutachten vom 30. Juni 1969* (Stuttgart-Mainz: Kohlhammer Verlag, 1969). See also Germann, *Unwitting Architect*, 100–1.

⁸⁴ AN, 540/AP-21, folder ‘Politique économique – juillet 69,’ note from Jean de Marcillac to Jobert of 30 June 1969. See also Bertrand Blancheton and Christian Bordes, ‘Débats monétaires autour de la dévaluation du franc de 1969,’ *Revue européenne des sciences sociales*, XLV-137, 2007.

In the meantime, West Germany experienced an adjustment inflation resulting from the undervaluation of the D-Mark and from the wage moderation. Since the 1966–7 crisis, the ‘concerted action’ had kept wages low. In 1968, average wage growth was limited to 4 per cent for a growth rate of 7.2 per cent.⁸⁵ However, the return of growth and inflation called slowly this wage moderation into question.⁸⁶ Paradoxically, the good health of the West German economy and its growing trade surplus contributed to social discontent. The workers demanded their share of the large profits made by the companies abroad. The 8 per cent wage increase negotiated by the unions during the summer was deemed insufficient in view of the 10 per cent production growth.⁸⁷ Wildcat strikes broke out in Dortmund in the first days of September 1969. In the following weeks, the movement spread to 140,000 workers in steel, metal, mining, textile industries and public services, mainly in the Ruhr and the Saarland.⁸⁸ These strikes gave the signal for a general revision of wage agreements in West Germany. While the planned increase under the ‘concerted action’ was 7 per cent, wage increases averaged 9.5 per cent in 1969.⁸⁹ By challenging the credibility of the ‘concerted action’, the wildcat strikes opened a cycle of social demands and wage inflation that lasted until the mid-1970s.⁹⁰

The strike movement fed the revaluation’s debate on the eve of the 28 September parliamentary elections. A new wave of speculation forced the government to suspend the D-Mark’s value and to close currency exchanges.⁹¹ The timing could not be worse for Chancellor Kiesinger, who finally lost the chancellorship to a SPD/FDP coalition. During the coalition negotiations, the government decided unilaterally to let the D-Mark float on 30 September. In order to mitigate the negative effects of the rising D-Mark on West German agricultural prices, it introduced temporarily monetary compensatory amounts supporting exports in this sector. These compensatory amounts had been first introduced after the French devaluation to compensate its effects on European agriculture prices by limiting exports. These measures were strongly criticised by Germany’s partners and the European Commission.⁹² The formation of the Brandt government on 21 October resolved the crisis and paved the way for an 8 per cent revaluation on 27 October.⁹³ After the devaluation of the franc, the revaluation of the D-Mark restored the balance of parities and confidence in currencies, ending a two-year monetary crisis.

The crisis opened by the events of May 68 highlighted the interdependence of West European economies within the common market. The higher consumption in France after the ‘Grenelle agreements’ increased inflation in West Germany and was therefore one of the indirect factors of the wildcat strikes by calling into question the German trade model. The speculation waves in France had a major impact not only on the West German economic policy, but also on the 1969 elections. Hence, the influence of the 1968–9 movements on the ‘second foundation’ of West Germany was both direct, through Brandt’s adoption of some of the demands of the German student movements, and indirect, through the economic and social effects of the European social context. The exchange rate changes of the second semester 1969 were followed by the introduction of monetary compensatory amounts that disorganised European agriculture markets and were a lasting problem for the CAP until the creation of the Euro.

⁸⁵ Poloni, ‘Éléments de “crise”’, 127.

⁸⁶ See Alexander Nützenadel, *Stunde der Ökonomen. Wissenschaft, Politik und Expertenkultur in der Bundesrepublik, 1949–1974* (Göttingen: Vandenhoeck & Ruprecht, 2005), 316–20.

⁸⁷ Süß, *Kumpel und Genossen*, 351; Karl Lauschke, ‘Der Wandel in der betrieblichen und gewerkschaftlichen Interessenvertretung nach den westdeutschen Septemberstreiks,’ in Gehrke/Horn, *1968 und die Arbeiter*, 76–91.

⁸⁸ Birke, *Wilde Streiks*, 223–39.

⁸⁹ Bundesministerium für Wirtschaft, *Jahreswirtschaftsbericht 1970 der Bundesregierung* (Bonn: Deutscher Bundestag, 1970), 12.

⁹⁰ See Otmar Emminger, *D-Mark, Dollar, Währungskrisen. Erinnerungen eines ehemaligen Bundesbankpräsidenten* (Stuttgart: Deutsche-Verlags-Anhalt, 1986), 166.

⁹¹ *Jahresgutachten 1969/70*, 38.

⁹² PA-AA, Bestand B 52, 587, note (III A 1) ‘Empfehlung der Kommission der Europäischen Gemeinschaften am 2. Oktober 1969.’

⁹³ BAArch, Kabinettsprotokolle, 2. Kabinettsitzung am 24. Oktober 1969, 3. Verbesserung der Währungsparität der D-Mark.

The crisis had definitely proved wrong the idea of an automatic convergence of European economies within the common market. On the contrary, the growing interdependencies within the EEC made more economic cooperation and monetary solidarity necessary to let national economies converge.

The Origins of the European Monetary Union: The Project of a ‘Community of Stability’

Then came the spring of 1968 and the explosion in France of the student unrest, which, after the United States, had spread to Europe. [...] Our isolated countries were now vulnerable to the currents of violence sweeping the world, and none of them could protect themselves alone. On trips to Bonn, I realised that the Germans felt more than we did the dangers whose shock waves had hit them first. They were anxious to see the dramatic effects on French society and had seen the main axis of European policy in Paris waver. (Jean Monnet)⁹⁴

These lines from the memoirs of Jean Monnet, who was the architect of the conference of The Hague, illustrate the major role played by May 68 in the European relaunch of 1969. It raised awareness of the growing interdependencies within the EEC. The literature highlighted how de Gaulle’s withdrawal opened the way for new discussions between Pompidou and Brandt based on a triptych: completion of the CAP, widening the community, deepening the economic cooperation and monetary solidarity.⁹⁵ This monetary part of the relaunch has also been analysed to explain the failure of the first draft of the EMU project (Werner report) in 1970 because of a fundamental and lasting opposition between a ‘monetarist’ and an ‘economic’ view.⁹⁶ However, these diplomatic explanations only partially shed light on the European socio-economic context of these different national EMU projects emerging in the wake of the monetary crisis of 1968. The central objective of stabilising European economies is often described in a transatlantic perspective, without reference to Western European protest movements.⁹⁷ While the Six recognised the need for the relaunch of The Hague, the lessons learned from 68 led them to very different visions of the European project. Drawing on new German sources, the following lines will highlight the influence of the protest movements of 1968–9 on the German project for a ‘community of stability’ as well as on its rejection by France.

The idea of a common European currency was not new. In 1962, the European Commission submitted a first memorandum for a common currency and a second one in February 1968 in response to the first effects of the crisis of the international monetary system.⁹⁸ The plan of the Commission’s French vice-president, Raymond Barre, proposed to introduce an automatic monetary support mechanism and was adopted by the Community’s Council on 17 July 1969. The creation of a European monetary solidarity mechanism first had to be accepted by the main contributors, starting with West Germany. Following this logic, Monnet chose to rely on Brandt, to whom he passed on the project of a European Reserve Fund.⁹⁹ For Brandt, the issue was not only economic but also, and above all,

⁹⁴ Jean Monnet, *Mémoires* (Paris: Fayard, 1976), 576.

⁹⁵ See Claudia Hiepel, *Willy Brandt et Georges Pompidou. La politique européenne de la France et de l’Allemagne entre crise et renouveau* (Villeneuve d’Ascq: Presses universitaires du Septentrion, 2016).

⁹⁶ See Lars Magnusson and Bo Stråth, eds., *From the Werner Plan to the EMU. In Search for a Political Economy for Europe* (Brussels: Peter Lang, 2002); Harold James, *Making the European Monetary Union* (Cambridge, MA: Harvard University Press, 2012); Elena Danescu, *Pierre Werner and Europe: The Family Archives behind the Werner Report* (New York: Palgrave Macmillan, 2018).

⁹⁷ See William Glenn Gray, ‘Toward a “Community of Stability”? The Deutsche Mark between European and Atlantic Priorities, 1968–1973,’ in *The Strained Alliance: US-European Relations from Nixon to Carter*, eds. Matthias Schultz and Thomas Schwartz (New York: Cambridge University Press, 2010), 145–67.

⁹⁸ See Éric Bussière, ‘Les tentatives d’une politique économique et monétaire,’ in *La Commission européenne. Histoire et mémoires d’une institution 1958–1972*, ed. Michel Dumoulin (Luxembourg: Office des publications de l’UE, 2014), 405–15.

⁹⁹ PA-AA, Bestand B 52, 603, Memorandum sent by Monnet to Willy Brandt on 31 Oct. 1969. See also Gérard Bossuat, ‘Jean Monnet et l’identité monétaire européenne,’ in *Jean Monnet, l’Europe et les chemins de la paix*, eds. Gérard Bossuat and Andreas Wilkens (Paris: Publications de la Sorbonne, 1999), 376–98; Andreas Wilkens, ‘Une tentative prématurée ?

political, considering that West Germany's economic power should be put at the service of the European convergence. On 27 November, the chancellor informed Pompidou of a draft that seemed to satisfy the main French demands.¹⁰⁰ The European Reserve Fund project thus became one of the pillars of a joint relaunch at the conference of The Hague on 1–2 December and paved the way to negotiations on the EMU that started in March 1970 within the Werner committee. However, this traditional narrative of the relaunch forgets one decisive aspect: Brandt's speech at the conference referred to an 'economic policy coordination' that was actually the core project of German ministries.¹⁰¹ The *Auswärtiges Amt* and the Federal Ministry for Economics were both sceptical about Monnet's proposal and refused to jeopardise Germany's reserves and stability to finance the lax monetary policy of its partners.

To counter Monnet's initiative and the 'monetarist' view of the EMU, the German Federal Ministry for Economics prepared an 'economist' proposal summed up in the 'Schiller Plan'. This plan aimed to create a 'community of stability' (*Stabilitätsgemeinschaft*) between EEC countries. The new community would generalise stability policy and make the fight against inflation the key to European convergence.¹⁰² The architect of this plan was Hans Tietmeyer, who would become the Bundesbank's president and one of the most important figures in European monetary history.¹⁰³ The Schiller Plan built on the West German analysis of the movements of 1968–9 and of the consequences of the interdependencies created by the common market. For the Council of Economic Experts, the transnational consequences of May 68 had proved that West Germany could not ignore its partners any more by pursuing an isolated stability policy that could now be jeopardised by an 'imported inflation'.¹⁰⁴ It had therefore become imperative to link the issues of convergence and monetary stability within the EEC. In June 1968, the Federal Ministry for Economics drafted its first plans to relaunch European integration through the convergence of economic policies and the creation of a single market with free movement of services, persons and capital.¹⁰⁵ This implied the definition of an ambitious European policy aimed at spreading stability throughout the entire EEC.

Although this strategy had already been discussed before in the context of recurring imbalances in the international monetary system, it became West Germany's European strategy after the economic and social turbulences of 1968–9. For the German government, the priority was now to avoid the economic consequences of another May 68 in France or elsewhere in Europe. This strategy could seem ambitious, but it was credible in the eyes of the Germans precisely because of the consequences of May 68 in France. The events in France had demonstrated the fragility of the French economy's conversion to stability since the end of the 1950s.¹⁰⁶ Therefore, the EMU process had to be based on a new political commitment of the nations to the stability policy. Nevertheless, Schiller and the Bundesbank were convinced that French elites were now ready to accept large concessions, including supranational economic control, to access German monetary support.¹⁰⁷

L'Allemagne, la France et les balbutiements de l'Europe monétaire (1969–1974), in *Dynamiques européennes. Nouvel espace, nouveaux acteurs. 1969–1981*, eds. Élisabeth du Réau and Robert Frank (Paris: Publications de la Sorbonne, 2002), 77–103.

¹⁰⁰ AN, AG/5(2)/103, letter of Brandt to Pompidou of 27 Nov. 1969; AN, AG/5(2)/1009, letter of Pompidou to Brandt of 29 Nov. 1969.

¹⁰¹ PA-AA, Bestand B 52, 603, Opening statement of Chancellor Brandt for the Hague conference – version of 20 Nov. 1969.

¹⁰² BArch, B 102, 93456, note 'Plan zur Verwirklichung der europäischen Währungsunion,' 24 Nov. 1969.

¹⁰³ Hans Tietmeyer, 'Europa-Währung eine Fata Morgana?,' *Publik*, 29 Aug. 1969. See Kenneth Dyson, 'Hans Tietmeyer, Ethical Ordo-Liberalism and the Architecture of EMU,' in *Architects of the Euro. Intellectuals in the Making of European Monetary Union*, eds. Kenneth Dyson and Ivo Maes (Oxford: Oxford University Press, 2016), 138–69.

¹⁰⁴ *Jahresgutachten 1969/70*, 92–3.

¹⁰⁵ BArch, B 102, 69860, note (EA – Dr. Everling) on 'Überlegungen zur Europapolitik der Bundesregierung nach der Errichtung der Zollunion,' 4 June 1968.

¹⁰⁶ BArch, B 102, 69860, note 'Überlegungen zur Europapolitik der Bundesregierung nach der Errichtung der Zollunion,' 14 June 1968. See also Hubert Zimmermann, 'The Fall of Bretton Woods and the Emergence of the Werner Plan,' in Magnusson, *From the Werner Plan*, 49–72.

¹⁰⁷ BArch, B 102, 161037, letter of Emminger to Schöllhorn of 23 Dec. 1970.

However, the German diplomacy deeply overestimated the concessions France was ready to accept. The Werner report of October 1970 was largely inspired by the Schiller Plan and proposed a step-by-step plan based on the precedence of economic convergence to stability over monetary solidarity.¹⁰⁸ Pompidou was very critical of the German liberalism that led to a ‘brutal and uncontrolled capitalism’.¹⁰⁹ Above all, the French president considered it dangerous to abandon monetary instruments that guaranteed a margin of manoeuvre for economic policy in the event of a return to social protest:

If there is a new May 1968, it is not Mr. Malfatti [President of the Commission] who will speak to the Séguy [Secretary General of the General Confederation of Labour] of that time. We do not govern machines; we govern people. [...] If we had the Community as it is proposed, with rigid budgets that are out of balance, we would have the Communists in power in France and Italy, and it is not the Community that could change anything to it.¹¹⁰

Finally, the fear of a new May 68 justified Pompidou’s refusal of a premature EMU.¹¹¹ It explains also the French reluctance to accept further liberalisation during the following decades. Exchange controls had been abolished in December 1967 but were restored in November 1968 until 1989. Price controls were maintained until 1986. Wage indexation to inflation was abolished in 1959 and reintroduced in autumn 1969 until 1983. Liberal convergence to stability policy was going to be a long road. First saved by the compromise between Brandt and Pompidou in February 1971, the Werner plan was abandoned in 1974.

Conclusion

Connecting the history of the common market’s completion and that of social protests of the ‘1968s’ reveals the extent of interdependencies within the early European Community and their economic, social, political and diplomatic consequences on a transnational scale. The social protest can also be read in the light of its economic causes and consequences in the framework of European integration. Beyond cultural and political demands, the increased European competition created pressure on wages and work conditions that provided a favourable context for social protest. This pressure was all the stronger in countries like France trying to catch up economically before the complete opening up to European competition. Even accentuated by the European and international context, the economic consequences of the strike wave did not stop the completion of the common market nor initiate a general decline of a growing French economy. However, the following monetary crisis raised awareness of interdependencies within the EEC and led to the first EMU negotiations. Far from reinforcing the social dimension of European integration, the interpretations of May 68 had a major influence on the design of the first EMU project by focusing it on German stability policy.

This convergence process originated in a social and monetary crisis interpreted by actors as a crisis of adaptation to the economic modernisation imposed by the common market. In the meantime, the protest opened a parenthesis in the liberalisation of the French economy, postponing for political reasons the liberalisation of exchange, price and wage controls to the 1980s. On the French side, May 68 appears as one of the first social movements challenging the stability policy spreading in the EEC.

¹⁰⁸ ‘Rapport au Conseil et à la Commission concernant la réalisation par étapes de l’union économique et monétaire dans la Communauté: “Rapport Werner” (texte final),’ *Bulletin des Communautés européennes*, 11/1970.

¹⁰⁹ AN, AG/5(2)/60, minutes of the Restricted Council on 9 Dec. 1970. Quoted in Robert Frank, ‘Pompidou, le franc et l’Europe,’ in *Georges Pompidou et l’Europe* eds. Jean-René Bernard, François Caron, Maurice Vaisse and Michel Woimant (Brussels: Éditions Complexe, 1995), 353.

¹¹⁰ *Ibid.*

¹¹¹ See Éric Bussière, ‘Georges Pompidou et la crise du système monétaire international: intérêt national, solidarité européenne et enjeux internationaux,’ in *Georges Pompidou face à la mutation de l’Occident 1969–1974*, ed. Éric Bussière (Paris: PUF, 2001), 75–6.

First, the social demands of May 68 can be read as a critique of the pressure for competitiveness created by the liberalisation of European markets and a challenge to the anti-inflation policy implemented during the early 1960s. Second, the fear of a return of protest led to a pause in the liberalisation process in France, but more broadly at the level of the EEC with the failure of the EMU process until the late 1980s. In this perspective, the protest can be interpreted, as Ross does, as an ‘interruption’ in the economic convergence process in European societies.¹¹² Conversely, the German interpretation of the French and German protest movements of 1968 and 1969 resulted in the adoption of the concept of ‘community of stability’ designed to spread stability policy to all EEC countries. On the German side, the crisis forced West Germany to accept a new monetary and trade model with a strong D-Mark and an increased responsibility in the international monetary system. It created the conditions for the first experiment of floating the D-Mark, which was to make a major contribution to West Germany’s challenge to the international monetary system in the 1970s and to the creation of a ‘D-Mark zone’ based on stability policy in Western Europe. In this perspective, May 68 can also be interpreted, as Malinowski and Sedlmaier do, as a ‘catalyst’ of further developments of the capitalist society.¹¹³ However, this article introduces a third interpretation. The transnational perspective on economic issues suggests an understanding of the ‘1968s’ as embedded in a long period including economic and diplomatic aspects, starting with the first phase of European liberalisation between the implementation of the common market and the negotiations on the single European act (1958–85).

Beyond these major consequences for European integration, this transnational and multidimensional history of May 68 invites us to write a more connected history of the Europeanisation process. In spite of the recent interest in a non-teleological history that takes into account the debates and alternatives,¹¹⁴ the narrative of the European integration remains often rather disconnected from the social and political contexts of the member states. The same applies to the compared history of protest movements and to the transnational history of the ‘1968s’, which mostly pay little attention to the growing economic and social interdependencies resulting from diplomatic choices. On the contrary, the transnational study of the multidimensional consequences of the European convergence process, of its progress and limits, makes it possible to connect these histories and opens the way to writing the history of the Europeanisation of the national societies. By connecting the different scales of European narratives, it tells a different story, that of a difficult and long-term process of liberalisation and convergence towards a European economic and social model.

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¹¹² Ross, *May '68*, 13.

¹¹³ Stephan Malinowski and Alexander Sedlmaier, “1968” als Katalysator der Konsumgesellschaft. Performative Regelverstöße, kommerzielle Adaptionen und ihre gegenseitige Durchdringung, *Geschichte und Gesellschaft* 32, no. 2 (2006): 238–67.

¹¹⁴ Laurent Warlouzet, ‘Dépasser la crise de l’histoire de l’intégration européenne,’ *Politique européenne* 44, no. 2 (2014): 98–122; Kiran Klaus Patel, ‘Widening and deepening? Recent advances in European Integration History,’ *Neue Politische Literatur* 64 (2019): 327–57.

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