

## The proposals of Karl Schiller

**Source:** CVCE. European Navigator. Étienne Deschamps.

**Copyright:** (c) CVCE.EU by UNI.LU

All rights of reproduction, of public communication, of adaptation, of distribution or of dissemination via Internet, internal network or any other means are strictly reserved in all countries.

Consult the legal notice and the terms and conditions of use regarding this site.

**URL:** [http://www.cvce.eu/obj/the\\_proposals\\_of\\_karl\\_schiller-en-eeabfa8c-15ac-4c91-b351-d11b224cabd8.html](http://www.cvce.eu/obj/the_proposals_of_karl_schiller-en-eeabfa8c-15ac-4c91-b351-d11b224cabd8.html)

**Last updated:** 08/07/2016



## The proposals of Karl Schiller

The German Minister for Finance and Economic Affairs, Karl Schiller, was known for his austere financial policy. While criticised at times by his Social-Democratic Party (SPD), he was highly appreciated in banking and business circles. He was unyielding in his bid to curb inflation and was steadfast in his desire to maintain the stability of the German mark. His economic policy, endorsed by the three Benelux countries and Italy, was spurned by France.

Karl Schiller wanted all the European currencies to float. But that step was sure to push up the value of certain currencies, amongst them the French franc. The French President, Georges Pompidou, and his Finance Minister, Valéry Giscard d'Estaing, opposed Mr Schiller's proposal and preferred to fix parities via exchange rate controls. The Germans rebuffed such an interventionist approach. France was above all trying to avoid an overvalued franc, since that would harm French exports and might slow economic growth and even lead to social unrest.

Moreover, France wanted to maintain its image of a world power and did not want to be pulled along in the wake of the German mark, which, some people felt, was already beginning to look like a monetary standard. In short, the Six were deeply divided as to which monetary policy to pursue.