

Money, savings and political crises in 20th-century France

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Introduction

Money, savings and political crises in 20th-century France is a thesis devoted to the study of savings and savers confronted with a highly specific type of crisis. We have used as a basis for our research the conclusions made in our master's dissertation devoted to the French savings banks during the crises of the 1930s¹. In this dissertation, we analyzed the reaction of Caisses d'Épargne savers to all the political crises that punctuated that decade. From these different crises – whether they were banking, economic or political in nature – we noted that it was only economic crises that were liable to trigger a reaction on the part of Caisse d'Épargne depositors. Wars, industrial unrest, and international crises all had an influence on the movement of funds ranging from a reluctance to make deposits to the most uncontrolled forms of bank runs. In this way, the results of our research correspond to the conclusions reached by historians of the 19th century. Y. Marec, who examined the situation in Rouanne², C. Christen-Lecuyer³ who studied France during the war of 1870, or B. Oger⁴ in his research on the Caisse Nationale d'Épargne during the *Belle époque*, all demonstrated that political crises could have serious repercussions on the Caisses d'Épargne. Accordingly, we then focused their attention more specifically on the relationship between savings and political crises, and we set out to understand this mechanism that created the most serious difficulties for the Caisses d'Épargne, leading to massive withdrawals and seriously jeopardizing the

¹ TOURNIÉ Vincent, *Épargne et crises dans la France des années trente, l'exemple des Caisses d'épargne*, Paris, Edition de l'épargne, 2002.

² MAREC, Yannick, "L'épargne populaire en France au XIX ème siècle et au début du XX ème", *Revue d'histoire économique et sociale*, vol 55, n°1-2, 1977,

³ CHRISTEN-LECUYER, Carole, *Histoire sociale et culturelle des Caisses d'épargne en France 1818-1881*, Paris, Economica, 2004.

⁴ OGER, Benoît, *La Caisse Nationale d'Épargne. Origines, enjeux, développement (1861-1914)*, University of Paris VIII-Saint Denis, Doctoral thesis supervised by M. Margairaz, 2002.

accounts of the French savings banks. The principal aim of this thesis is to show that popular savings in the 20th century are extremely sensitive to political crises. We are going to demonstrate that it is the freezing of accounts, or the possibility of seeing their accounts frozen, due to crises that trigger a reaction on the part of savers. An examination of this reaction on the part of depositors is of key importance because reactions of this type have serious repercussions on the economy as a whole. We want to show that savers, when faced with this type of crisis, attempt to transform their savings into what they consider the safest form of money, i.e. paper money. We want to demonstrate that a bank run within the framework of a political crisis is a perfectly rational and coherent way to respond to the crisis. The transformation of bank money into paper money represents the transfer of financial resources from one form of money into another form, considered more secure. We are consequently faced with a continuity of savings by other means, and not with a pathological or irrational response as a certain number of economists or savings specialists believe and have written in their analyses of bank runs. This hypothesis of the continuity of savings can be explained by the fact that savers, by transforming their funds into a more liquid form of assets, are striving to preserve above all the “fluidity of their action.” By “fluidity of action” we mean the possibility to flee from events or the possibility to calmly wait for the end of the crisis without seeing the risk of their funds been frozen. In this way, savers feel that they retain entire control over their property and over the events unfolding around them.

To test this hypothesis, we studied the reaction of *Caisses d'Epargne* savers faced with the succession of political crises confronting France during the past century. One particular feature of the political crises of the 20th century is that they were sudden, and frequently brutal, crises. We focused in particular on the flows of liquid savings during the crises; in the pursuit of this work, we chiefly used the French savings banks and the issue of paper money as our research field in order to appraise the scope of the crisis.

I. Horizontal approach to the crises

In the first part of our thesis, we examine the underlying principles of our analysis, concentrating more particularly on the subject of our research: the reaction of Caisses d'Epargne savers faced with a political crisis. In an initial chapter, we formulate a certain number of hypotheses that should allow us to obtain a better understanding of the way savers behave when confronted with a crisis.

We begin by explaining why the Caisses d'Epargne represent the most interesting research field for the analysis of savings during political crises. The Caisses d'Epargne and the hoarding of banknotes are the two most popular forms of savings practiced by the French until relatively recently in the 20th century. The Caisse d'Epargne *Livret* passbook savings accounts was invented and popularized in the 19th century; it was the only way for a majority of the population to build up a nest egg. The public appreciates the passbook savings accounts because they are easy to use and the funds remain readily available; this solution enjoyed growing success and was used and valued by the entire French population throughout the country. Although the Caisses d'Epargne were created to develop savings among the least affluent social groups, they were also highly appreciated by the middle classes to the effect that one half of Caisses d'Epargne deposits belong to higher social categories only representing – depending on the period in question – between 10 and 15 percent of all depositors. This fact had major consequences on savings during political crises. Because this 10 percent of users could demand the immediate withdrawal of one half of aggregate deposits, the French savings banks were liable to be placed in an extremely difficult situation. And, above and beyond the Caisse d'Epargne, this will also have had an impact on the Banque de France, unable to provide all the cash requested, and an impact on Caisse des Dépôts et

Consignations responsible for investing Caisse d'Epargne securities, finding it extremely difficult to discount its securities.

From this point to view, the Caisse d'Epargne found itself in a situation that was complicated to manage. It was accused of being a threat to the entire financial system and was ordered on many occasions to take the steps necessary to restrict the presence of this type of depositor. The problem was that neither the adversaries nor the supporters of the French savings banks could find an acceptable solution to this problem. This is because no objective criteria can determine whether funds deposited on a passbook savings account are savings funds or working capital waiting for an investment paying higher levels of interest. What objective criteria could be adduced to refuse opening a passbook savings account in a person's name? What is more, the French savings banks have always denied the danger represented by deposits placed by affluent individuals, advancing the fact that 75 to 80 percent of depositors were individuals from modest backgrounds. One solution would have been to limit the amounts depositors could withdraw from passbook savings accounts containing large sums of money. But any steps taken to restrict the freedom to withdraw funds from these accounts would have driven away all categories of customers. Experiments were made with different measures throughout the century but without great success. As a result, the only real solution was to avoid crises and to try to face up to them when crises did occur.

Our first hypothesis requires us to show that a transformation of savings really exists during political crises, and that this transformation takes on a special form that we shall call "crisis savings" or "protective cash." Indeed, we shall demonstrate that the fear, inherent in all political crises, of seeing bank accounts frozen encourages savers to adopt the most liquid form of investment possible. For this, savers will convert their funds into the monetary form that they consider the most easy to use. In the 20th century these liquid funds were comprised of banknotes. Hoarding is a common practice, even among people who hold passbook savings

accounts. We shall consequently demonstrate that hoarding increases with each political crisis to the detriment of savings bank passbook accounts.

Our second hypothesis concerns the savers themselves. We want to demonstrate that despite differences in wealth, education or profession, all savers in the 20th century adopt an identical reaction in the face of political crises. Indeed, it can be said that the *modus operandi* described in our first hypothesis is practiced by the entire population. This does not mean that all savers are equal but it does show that in this type of crisis we witness a single type of behavior on the part of savers. Based on a study of this behavior, we can draw up a series of saver categories. Although the *modus operandi* remained the same for every one, there nevertheless exist real differences that go to form a series of variables that it is interesting to analyze. For this, we show that it is information, above all, that determines the beginning of crisis savings... yet information is available first of all to the more wealthy and urban social categories. In contrast, we note that remote rural communities not enjoying instant access to information react a considerable lapse of time after other social categories. We consequently demonstrate that the membership to a given category of savers is not the factor that determines the means of crisis savings but only an indicator that the crisis is in progress. However we will have to show that consequences of the creation of this crisis savings can have major repercussions on the financial institutions, notably when the most affluent social categories withdraw their bank money *en masse*.

The third hypothesis that we would like to test is the existence of a savings cycle during the crisis. Indeed, we believe that there exists a savings cycle in the crisis that takes on a different form depending upon the nature of the political crisis. Without entering into the details of this cycle, we can say that it can be broken down into three phases:

1st phase: decline in deposits and beginning of hoarding, just before the crisis.

2nd phase: once the crisis has begun, we witness either major withdrawals or a total absence of new deposits and, irrespective of the chosen option, we note a major propensity to hoard.

3rd phase: this phase concerns a return to savings in its initial form.

In the second chapter of our first part, we seek to define the crisis while simultaneously attempting to understand how savings fit into the unfolding of a political crisis. For this, we study the climatic moment of the savings crisis as expressed by the run on the bank. Indeed, the crisis is a moment when the saver must adopt a strategy to diversify his savings in order to minimize his risk. Savers are faced with one of two alternatives: do nothing and wait for the crisis to blow over before proceeding with new deposits, or withdraw all or part of their savings in order to shelter themselves from the crisis. The first possibility is characteristic of a crisis of confidence or a crisis of low intensity: savers refrain from depositing additional money on their accounts but they do not withdraw any money from them. In contrast, however, when savers consider the crisis to be serious, they tend to withdraw funds in a proportion corresponding to their fears for the future. And when a large number of savers adopt the same action, we witness a run on the bank.

A “run on the bank” or a “bank run” is a serious economic crisis, frequently referred to but rarely analyzed in history. A run on a bank is, as its name suggests, a desperate attempt on the part of customers to withdraw their money from their bank or financial institution. Michel Aglietta and André Orléans define a run on the bank as: “*A wave of panic that takes grip of depositors who are disoriented following a loss of equilibrium.*”⁵ In other terms, it translates a loss of confidence in the bank money system following a banking or political crisis and depositors’ desire to transform their funds into another monetary form that they consider to be

⁵ AGLIETTA Michel, ORLÉANS André., *la monnaie entre violence et confiance*, Paris, Odile Jacob, 2002.

more secure. Bank runs chiefly occur at a time banking crises when a banking institution faces bankruptcy as a result of bad investments or during a financial crisis; customers then run to their bank to recover as much of their capital as possible in any exchangeable form. If a run on the bank, triggered by the financial collapse of a banking institution, is easy for an analyst to understand because the customers' reaction seems reasonable, the bank run appears to be an irrational reaction within the context of a political crisis where the economic system is not in jeopardy. Accordingly, a certain number of historians – notably those studying the *Caisses d'Epargne* – have wondered whether this type of bank run was not the expression of a deeper pathological condition. We believe, on the contrary, that a bank run is the expression of an attitude or choice that is both rational and carefully thought out. We present the hypothesis of the desire to create a crisis cash reserve in the form of bank notes. As soon as the existence of this cash reserve is accepted, the run on the bank is merely the physical action of creating a part of this reserve. In other words, the bank run is merely the continuation by other means of savings previously held in the form of bank money. We consequently refute the idea too frequently accepted notably by the *Caisses d'Epargne* to associate “bank run” with consumption. The savings withdrawn from the bank are not consumed; the money is held in reserve and, for the greater part, will be converted back into bank money form once the crisis has blown over. We also show that the bank run is not simply an economic event but also includes a major social dimension to the extent the run on the bank generates its own momentum as the incentive to withdraw deposits increases as more customers remove their savings from the bank. We show that this self-generating aspect of the bank run is also perfectly rational in nature: latecomers face a greater risk of not being able to withdraw their money. What is more, self-generating, sheep-like behavior also includes a compulsory element to the extent that the individual customer feels obliged to adopt the same behavior as his fellow depositors.

Lastly, we examined the causes of the bank run by focusing on the original event that triggered the process, namely the rumor. Considering that one of the characteristics of a political crisis is the fact that people lose their bearings and are starved of information, rumors rush in to fill the ensuing void. A rumor must necessarily be credible, i.e. coherent with the situation experienced by the depositors. When this is so, the slightest negative rumor tends to act as a trigger, setting off a bank run. Consequently, we proceeded with an in-depth analysis of bank runs based on rumors, and reached the conclusion that these events do not exhibit the pathological nature as claimed by the authorities. They correspond to a normal reaction faced with the uncertainty of the crisis. We consider this reaction to be all the more well-founded as the rumor is spread by word of mouth by people we know well and whose sincerity will not be called into question. If a person we feel to be “in the know” and well informed runs to withdraw his money, we immediately think that we should do likewise. And when the self-generating, sheep-like aspect of the bank run begins, it merely confirms and strengthens the rumor, thereby reinforcing the run on the bank. We then enter into a vicious circle.

In this first part, we clearly describe the principles underlying our analysis by striving to highlight what characterizes savings and savers during a political crisis. In the second part of our thesis, we focus attention on how the crisis itself unfolds. The aim is to study all the political crises that have punctuated the 20th century and had an impact on the French savings banks. We consequently examine all the political crises – or crises of a political nature – of the past century that had an effect on savings and on the attitude of savers.

II. Chronological approach to the crises

Our study begins with the First World War. We feel that it is essential to analyze this conflict because it formed a matrix for crisis reactions during the entire 20th century. We

consequently devote one chapter to the Great War to show that the extended use, during this conflict, of the “safeguard clause” made depositors feel that they were caught in a “mousetrap.” This feeling had major repercussions during the interwar period when a large number of bank runs were triggered exclusively by customers’ desire not to find themselves in the same situation as in 1914. The invasion of France and evacuation of refugees was also a decisive moment for the history of savings, for two reasons. The first of these two reasons was the lack of preparation of the entire world of finance and, particularly, the unpreparedness of the *Caisses d’Epargne*, which had not given enough serious thought to this possibility. Investors evacuated with their savings bankbooks found it extremely difficult to recover their deposits from a savings bank in their place of destination, and this situation was further exacerbated if the customer suffered from the additional handicap of being a married woman or a minor not legally considered a full adult. The second reason is that the invasion left the indelible impression on savers, chiefly those living in border regions, that they could be required to flee at any moment and, consequently, should be in possession of the most appropriate means of payment.

The outbreak of war, which triggered a run on all banking institutions including the *Caisse d’Epargne*, the sheer size of the withdrawals and the apparent loss of investors’ confidence, led the authorities to take measures that would have major repercussions throughout the rest of the century. To ward off these bank runs, the government decreed a moratorium on bank accounts and the safeguard clause⁶ for the *Caisses d’Epargne*. This made it possible to protect the financial system but at the price of a heavy sacrifice for depositors who saw their funds frozen in the savings banks at a difficult time for a large number of French citizens. Indeed, the general mobilization forced virtually all the men to move far from

⁶ The “safeguard clause” is the equivalent of a banking moratorium for the *Caisses d’Epargne*. In 1914, depositors were not allowed to withdraw more than F50 (equal to €150 in 2007) every two weeks.

their homes at short notice without the possibility of withdrawing enough money to live on. What is more, a large number of soldiers failed to give their wives or children the necessary power of attorney enabling them to withdraw funds from their savings accounts, to the effect that once the men had left for the front, their families rapidly found themselves in dire financial straits. Our research allowed us to show that preparations for a possible future conflict used the war of 1870 as a model; the occupation of certain parts of France and the possibility of a long, drawn-out conflict were not taken into consideration. The adoption of the safeguard clause and introduction of moratoriums put an end to the bank run in July 1914 but the prospect of a lengthy conflict obliged the government to extend these measures, a decision that left a deep impression in the minds of depositors. These measures designed to protect the economy were only acceptable within the framework of a short war; by prolonging the restriction measures, the State encouraged depositors to divert their funds away from the *Caisses d'Epargne* and deposit banks in favor of hoarding.

The invasion of France and the evacuation of refugees from the Northern and Eastern parts of the country was also a decisive moment that shaped the attitudes of savers during the entire first half of the century. Faced with the German invasion, a large number of depositors fled and took their savings bankbooks with them; unfortunately, the *Caisses d'Epargne* were not organized in a network and the savings banks in the regions welcoming the refugees were unable to provide them with cash advances. The study of the invasion leads us to make two observations: the first is that the unpreparedness of the financial community as a whole (and, more particularly, of the French savings banks, which had failed to give enough serious thought to this possibility) made it difficult for the *Caisses d'Epargne* to work together, a fact that highlighted the absence of a true network and revealed the communications problems between savings banks in inland France and those in the regions invaded by the enemy. And the second observation is the fact that the invasion indelibly impressed depositors, chiefly

those living in border regions, that they could be required to flee at any moment and, consequently, should be in possession of the most appropriate means of payment possible.

The Great War was consequently a decisive moment in the history of savings, a protracted conflict during which the State imposed restrictions and froze bank accounts in a way that inspired distrust among depositors for bank money in general and for the *Caisses d'Épargne* passbook accounts in particular. It should not be imagined that savers had lost faith in the savings banks as an institution – quite on the contrary, they enjoyed a very positive image among their customers – but rather that it was more precisely the fear that the government would in fact re-impose the provisions of the safeguard clause. As a result, each political crisis conjured up images of 1914 in depositors' minds.

The interwar years for the *Caisses d'Épargne* were marked by a loss of confidence on the part of savers; a number of depositors' reactions were inspired exclusively by the desire not to find themselves in the same situation as in 1914; this was particularly true of savers living in the North and East of France. The 1930s also saw serious crises of confidence on the part of depositors vis-à-vis the political and financial systems, as reflected in observed movements of capital. We consequently set out to show that the decline in depositors' confidence made them excessively feverish.

The interwar years were the beginning of an unsettled period for savings, a period that would grow increasingly turbulent in the 1930s. Savings began to be built up again in the 1920s despite the politico-economic ups and downs of the left-wing coalitions. The “Franc Poincaré” marks the return of a certain confidence vital for the recovery of savings. But the banking crisis that began in 1930 with the collapse of a certain number of retail banks put the government in a difficult position. Depositors turned their backs on banks and preferred to

hoard their money. It was consequently against a background of mistrust of banking institutions that the French Parliament raised, through a bill enacted on March 31, 1931, the ceiling authorized for deposits on passbook savings accounts from 12,000 to 20,000 francs. By doubling the capacity of the savings banks, the state wanted to bring back into circulation cash that had been hoarded in the wake of the banking crisis. This act would radically modify the French banking industry by triggering unexpected competition between the banks. The Caisse d'Epargne attracted funds, which would have been (or already were) deposited in retail banks. Thanks to the increase in the ceiling on deposits, the Caisse d'Epargne made it possible to reinforce the most affluent segments of the population by allowing them to enjoy the advantages it could offer them: security, high interest rates and, above all, easy access to their savings. By offering all these advantages, the Caisses d'Epargne ate into the market share of the retail banks. When the economic crisis began, the savings banks had a level of excess deposits never reached since their creation. We show that this competition was the result of a combination of circumstances beyond the control of the savings banks themselves. In other terms, the Caisses d'Epargne did not deliberately attempt to poach the customers of the retail banks; on the contrary, they wanted to offer the largest possible number of people the possibility to shelter from the economic crisis. In contrast, however, they continued to deny, despite the evidence to the contrary, that the relative proportion of more affluent customers had increased. This attitude proved to do them a great disservice in subsequent crises.

The economic crisis that swept through France starting in 1933 does not seem to have affected the Caisse d'Epargne. In view of the social impact of the crisis – such as unemployment or difficulties in the agricultural sector, which were tangible problems during these years (the number of unemployed would double between 1931 and 1935) – it would be legitimate to think that, in order to offset these economic difficulties, depositors would withdraw money from their savings accounts. Nothing of the sort occurred. We note that the

economic crisis of the 1930s had no impact on savings flows. This was not the case, however, in the case of political crises. If we examine all the crises experienced by the savings banks, from the insurrectional demonstrations staged in February 1934 to the Munich agreements signed in September 1938, we see a succession of almost ten political problems, resulting in a wave of unprecedented withdrawals. If we exclude the crisis in September 1938, no political crisis suffered by France in these years was really sufficiently serious to jeopardize the banks' ability to pay their customers and yet, the effects were disastrous, triggering bank runs at the slightest hint of a problem. By analyzing the typology of the different political crises of the 1930s, we can say that it was urban depositors, and depositors holding large amounts in their accounts, who withdrew their money *en masse*. Rural savers, and people with small amounts in their accounts, responded in a more measured fashion, and frequently at a slower pace. The slightest, even unfounded, rumor automatically led depositors to withdraw their savings from the passbook savings accounts.

The height of the savings crisis was reached with the Munich crisis of September 1938. The Munich crisis was characterized by the violence of its bank runs and by the difficulties encountered by depositors to obtain paper money. Customers were frightened by the possibility of war and withdrew their savings from the banks *en masse* and, above all, from the Caisses d'Epargne. The violence of these bank runs, concentrated in time between September 22 and 30, put considerable strains on the French financial system as a whole and, first of all, on the Banque de France, which was obliged both to supply cash to the other banking institutions and to discount the sale of large quantities of bank securities. It was an extremely difficult exercise; during the crisis, the Banque de France had to put almost 3 billion francs into circulation every day ⁷. The customers of the Caisses d'Epargne were the first to withdraw their money, although the customers of other banking institutions failed to

⁷ The equivalent of €1.2 billion euros in 2007.

show much greater success in resisting the temptation to panic; certain banks were obliged to discount more than one half of their securities to face up to the runs.

The months following the crisis were devoted to intense reflection about the consequences of the crisis and about the measures to be taken to prepare the economy for a possible war. All the financial institutions carried out an analysis of the crisis; if everyone agreed that they had managed to get through this difficult period, it would not have been the case if war had really broken out. The financial system would not have withstood a further week of withdrawals. Everyone agreed that the greatest weakness was the supply of banknotes. It was consequently decided to create a special reserve of 150 billion francs that would remain untouched except in emergencies. This sum corresponded to all the demand deposits held by the banks and the Caisses d'Epargne.

With the Munich crisis, the State realized that Europe was heading towards war, and to speed up preparations for a possible conflict, had to turn to the banks for loans. This new alliance was forged at the expense of the Caisses d'Epargne whose deposits were deemed to lack the necessary stability. With the government decrees dated November 12, 1938, the French government imposed limits on Caisses d'Epargne deposits and withdrawals in order to stabilize the most mobile passbook accounts in times of crisis.

It may consequently be said that popular savings in the 1930s proved better at withstanding economic crises than political crises. The Caisses d'Epargne were a faithful bellwether of the country's political situation. If the savings banks were so sensitive to political crises, it was because a change in the law governing investment ceilings – aimed to protect small savers from the banking crisis – attracted a type of clientele and funds that were not originally intended for the Caisses d'Epargne. If the increase had occurred in a period of prosperity and economic growth, there is no doubt that it would have had no impact whatsoever on the position of the savings banks. But in this crisis situation, major investors

represented the greatest threat; a threat that could have been fatal to the Caisses d'Epargne if in 1938 appropriate measures had not been taken (government decree dated November 12) in order to curtail this risk. All these measures enabled France to enter the war in a calm and ordered manner in September 1939; the French had been prepared for this possibility for the previous year and the banks – and the Banque de France in particular – had carefully prepared this moment. Savings and the availability of paper money were consequently in tune with the rest of the country and the other sectors of industry, namely: ready and resigned to the inevitable.

If France entered the Second World War in a calm and ordered manner, the debacle and occupation forced depositors to develop an entire new, specific response to the problem.

First of all, the Caisse d'Epargne had to face the military defeat and the exodus in May and June 1940, which raised two major difficulties: to restore their funds to depositors who came to retrieve their money in order to escape the advance of the enemy, and to organize their own escape and, in particular, the evacuation of all their accounting records. The problem was not specific to the Caisse d'Epargne; all banking institutions – and the Banque de France in particular – found themselves in similar situations. Our analysis of the crises in May-June 1940 goes beyond the confines of a mere case study; this crisis allows us to highlight the structural problems of the organization of, and preparation for, war. Just as the war of 1914 was seen in the light of the war of 1870, the war of 1939 was based on the war of 1914, i.e. a war of position. The Blitzkrieg, however, took the authorities by surprise and the evacuation plans, despite being carefully drawn up, were difficult to apply both for the Caisses d'Epargne as well as for the other financial institutions.

The occupation was a very particular, if not paradoxical, period of crisis. We are faced with a period of expectation when depositors sought refuge in the security of maximum

liquidity. Accordingly, they chose to hoard money and to deposit their money in the Caisses d'Épargne. Indeed, the French savings banks enjoyed real growth during the war – paralleled by the hoarding of large denomination banknotes – while term deposits suffered a worrying disaffection on the part of savers. Depositors were waiting for the political situation to be clarified in France. This observation led us to undertake a detailed analysis of this attitude that may be considered, with hindsight, to be rather paradoxical in nature because France was in the throes of rampant inflation due to the costs of German occupation and the draining of a substantial part of industrial production. Under these conditions, hoarding money at home or depositing it in a savings bank do not seem the most advantageous solution. Yet a great majority of the French adopted this behavior despite the risk of suffering an erosion in the real value of their savings. But this attitude can be explained both by fear for the future and by the fact that inflation was an economic phenomenon little understood by the French at that time.

The liberation did not herald an immediate return to prosperity; it was first necessary to return to an economic situation at least equivalent to what it had been in 1938. A large number of measures were taken to achieve this. Among these different measures decreed by the provisional government or by the first governments formed under the 4th Republic, certain provisions had an impact on savings. This was the case, in particular, of the exchange of banknotes in June 1945, which led to an increase in deposits for the Caisses d'Épargne. Savers preferred to deposit their banknotes on their passbook savings accounts rather than merely to exchange them. We then witnessed a “reverse bank run”: people rushing to the savings bank not to withdraw their money but to deposit it on their accounts. This was also the case during the series of strikes that punctuated this period and, particularly, the industrial action that marked the end of 1947; the fear of seeing their accounts frozen and the rise in the influence of the Communist party may have frightened savers.

In a final chapter, we analyze the Caisses d'Epargne during the 30-year boom period following the end of the Second World War. France modernized its industry and the savings banks came to appreciate the need to diversify their activities. Was this prosperous period for France capable of modifying depositors' behavior during political crises?

We note that the structural changes carried out during this 30-year boom period were unable to prevent knee-jerk reactions to crises. Thus, French involvement in Suez and the demise of the 4th Republic in May 1958 following the Algerian dilemma, or the crisis in May-June 1968, were no different, from the point of view of depositor behavior, from the different crises we examined in the interwar years. The reflex of building up protective stores of cash in the form of banknotes had lost none of its intensity in the French population. It is interesting to note that withdrawals are proportional to the potential threat posed by the crisis; this tends to demonstrate, once again, the rational considerations motivating the behavior, and the constancy of depositors throughout the century.

Nevertheless, it is possible to detect a certain modification in savers' reactions. For example, contradictory movements occurred in December 1959 and January 1960 when the *nouveau franc* was introduced. Certain savers came *en masse* to deposit all their banknotes while others came to withdraw all their money. This shows that the savings bank customers as a whole continue to pay considerable attention to the measures taken by the political authorities although they failed to understand the underlying rationale for these measures. But the important thing to remember about this example is the fact that, for the first time, account holders were not all behaving in exactly the same way; diversification was also making itself felt through the different reactions of savings bank depositors. We witness the emergence of a break between past and present that will gradually lead the Caisses d'Epargne towards the end of bank runs and the end of reactions triggered by political crises.

It was 1969 and the resignation of General de Gaulle that marked the end of savings crises provoked by political crises. No other political event would upset popular savings in the 20th century. Neither the death of President Pompidou in 1974 nor, in 1981, the transfer of political power with the election of François Mitterrand (feared by many because of his determination to bring communists into the government) triggered any fear-motivated reaction on the part of depositors. Should we then conclude that the end of the 20th century coincides with the definitive end to this type of crisis? We cannot be sure, and certain factors make us think that knee-jerk reactions to a crisis have not yet disappeared. For example, the stampede to buy groceries in January 1990 on the eve of the Gulf War corresponds exactly to the typology of bank runs that we noted throughout the century. The switchover to the euro in January and February 2002 offers disturbing similarities with the various introductions of new currency that punctuate the period of our research. Without really being able to decide this question, we can offer the hypothesis that political stability and the trust felt by the French in the political system and institutions of the 5th Republic have made it possible to stabilize deposits but that the system is never completely insulated against a crisis.

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Conclusion

At the end of our thesis, we are able to say that the different political crises have had a direct impact on the Caisses d'Épargne. This impact found expression either in a reluctance to make new deposits or in the determination of the part of depositors to withdraw their savings. Up until now, the work of economic historians focused on economic crises, leaving political crises to one side because they were deemed to be passing phenomena of no real importance. The originality of our approach, however, resides in our attempt to place these short-term

events in the perspective of a longer period of time. Thanks to this change in scale, we can see that, throughout the century, Caisse d'Epargne depositors reacted to each political crisis by taking protective measures observed throughout France from the beginning to the end of our period of study. Examining savings from the point of view of political crises is the same as scrutinizing the reaction of savers to a given event, not as an exogenous phenomenon but as a structured, and consistent, *modus operandi* having repercussions both on the French savings banks as well as on the entire monetary system. We have shown that the First World War, with the government's adoption of the safeguard clause, created a fear among investors that their accounts would be frozen. We have demonstrated that all the crises that occurred during the 20th century triggered a reaction among savers. We have shown that these reactions could have an impact on the Caisse d'Epargne and on all the different actors in the financial community notably because of the fact that the largest passbook accounts, owing to their excessive volatility during the crises, force the savings banks to release very large sums of money. We have also demonstrated that the legislation governing the Caisses d'Epargne was modified in line with the threat of a bank run. We were able to establish that a certain number of economic agents wanted to limit the scope of action enjoyed by the Caisses d'Epargne but that the savings banks managed to defend their positions thanks to their remarkable lobbying of the French Parliament.

All the hypotheses formulated in our thesis allow us to present a comprehensive panorama, for the 20th century as a whole, of savings in periods of crisis as well as the use of savings during "normal" periods to the extent that our investigation of savings during political crises enables us to analyze, and to understand, the everyday behavior of Caisse d'Epargne depositors throughout the period. This analysis allows us to provide readers with a wealth of useful information about practices related to passbook savings accounts and the hoarding of cash throughout the period of our research. This thesis was made possible by our ability to

study the various archives preserved by the Caisses d'Epargne, by the Banque de France, the Caisse dépôts et consignations and the French Ministry of Finance.

The results of our research encourage us to expand the scope of our scrutiny to include the question, expressed in the final part of our study, as to whether bank runs are truly a thing of the past. The example of the British bank Northern Rock, recently shaken by a run on the part of depositors who feared that their bank had invested in the American sub-prime sector, shows, in our opinion, that runs on a bank are not phenomena relegated to history or to developing countries. We can imagine that the loss of confidence among a part of depositors can trigger a chain reaction throughout the entire population of savers. Confidence in the political system is the best guarantee for the long-term stability of savings.