

## The Hague Summit

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## The Hague Summit <sup>1</sup>

The Hague Summit, a decisive moment in the process of European integration, took place on 1 and 2 December 1969 under the auspices of the ‘completion, enlargement, deepening’ triptych.

Completion (of the Common Market) meant resolving the differences over the common agricultural policy. <sup>2</sup> A compromise was found which allowed for the adoption of the financial regulations relating to agriculture, as requested by France, and an increase in the European Parliament’s budgetary powers, which the other parties, especially Italy, wanted. The Six also agreed in principle to a financial regulation on the Community’s own resources. <sup>3</sup>

Under the heading of Community deepening, two aspects stand out: economic and monetary cooperation <sup>4</sup> and political cooperation. <sup>5</sup>

The first aspect recommends establishing an economic and monetary union, of which the preliminary outlines would be traced out in a plan (by stages) which the Council, working in close collaboration with the Commission, proposed drawing up in the course of 1970. The first Barre Plan, which the Vice-President of the European Commission had presented on 12 February 1969, served as preparatory work. <sup>6</sup> Looking into the question of economic and monetary union, the memorandum indicated ways of preparing the ground for Community action on economic policies and monetary support. It called for consultation on medium-term economic policies, coordination of short-term policies and the establishment of a Community mechanism to provide automatic monetary support. Why did economic and monetary integration occupy such a prominent place at the Hague Summit? There could be various factors to account for it, <sup>7</sup> starting with the completion of the Common Market, which, after a 12-year transitional period, was preparing to move into its final stage on 1 January 1970. That result, and especially that positive momentum, had to be safeguarded and consolidated. It thus became clear that on top of the customs union there had to be an economic and monetary union. <sup>8</sup> Then, because of the monetary disturbances in 1969, monetary cooperation began to seem both absolutely essential and virtually impossible. <sup>9</sup> First came the sterling crisis, then that of the French franc, which, after ten years of stability, had been weakened by the effects of the events of May and June 1968. Its devaluation (by 11.2 %), followed by the revaluation of the Deutschmark (by 9.29 %), caused widespread anxiety. These currency adjustments affected the common agricultural policy, based as it was on single prices expressed in units of account which presupposed monetary stability. Other monetary upheavals and fresh exchange-rate instability put the balance of the Common Market at risk and could have led to the dissolution of the customs union and the end of the common agricultural policy. Lastly, considering the role of the US dollar and its pivotal position in the Bretton Woods system, the idea of asserting the Community’s external personality more forcefully took an increasing hold. The Member States considered equipping themselves with a ‘European monetary entity in international relations’. <sup>10</sup>

The aim of the second aspect was to define the progress which could be made in the area of political unification. Thus, a committee began to take shape, consisting of the political directors of the six foreign ministries, chaired by Étienne Davignon of Belgium; its task was to hammer out proposals on foreign policy issues. These diplomats worked to bring the Member States’ points of view closer together and, if possible, to define common standpoints. Their proposals, which were very cautious, were imbued with the sensitivities of France, which, unlike its five other partners, championed the intergovernmental method. The Davignon Report (adopted by the Council of Ministers of the European Communities on

27 October 1970) recommended the setting up of a mechanism for political information and consultation through half-yearly meetings of the Foreign Ministers (the first of which was held in Munich on 19 November 1970) and quarterly meetings of the political directors. A European correspondent was appointed in each ministry to ensure that information circulated more effectively between the Member States' administrations. In other words, there was provision for political cooperation outside the Community framework. To ensure that political union was properly grounded in democracy, there was to be an informal symposium every six months attended by the ministers and the European Parliament's Political Affairs Committee. Once a year, the Presidency of the Council of the Communities would send the European Parliament a communication on the state of political cooperation. The Commission, in turn, could be consulted on certain matters.<sup>11</sup> There was also provision for a special institution for political cooperation. This would be a political secretariat (based in Brussels) vested with the right of initiative and intended to contribute to the drafting of general guidelines. This endeavour came to nothing owing to France's refusal to step outside the intergovernmental framework.<sup>12</sup>

The Member States agreed to the enlargement of the Community through the accession of four candidate countries: Denmark, the United Kingdom, Ireland and Norway. Compulsory conditions for admission were attached to this principle: the candidates had to accept 'the Treaties and their political finality, the decisions taken since the entry into force of the Treaties and the options made in the sphere of development'.<sup>13</sup> Following the Hague Summit, the Six agreed on a transitional period (of five years) during which the candidates had to progressively adopt the existing body of Community legislation in all fields (with the possibility of variations in respect of more difficult issues). A calendar was drawn up with the dates for implementation of the adaptation measures (the abolition, in several stages, of customs duties, the gradual adoption of common agricultural prices, etc.). The role the new members were to be given in the Community institutions was still to be defined.

The link between deepening and enlargement was stated in the following terms: before any enlargement of the Community, integration must first be stepped up, to facilitate governance. The Commission thought of deepening in a broader way, looking ahead to the development of powers and the strengthening of the Community institutions. But 'the Five were not keen to expand the areas of cooperation in the short term, in order not to place more difficulties in the way of British accession'.<sup>14</sup>

There is no doubt that two figures who came to power almost at the same time left their mark on moves to relaunch European integration at the end of 1969: Georges Pompidou in France<sup>15</sup> and Willy Brandt in Germany<sup>16</sup>.

Georges Pompidou, who was close to the United Kingdom and to financial and industrial circles and had a much more flexible view of Atlantic questions than that of his predecessor, wanted to break France for good out of its diplomatic isolation within the Community<sup>17</sup> and thereby give a fresh impetus to European integration. 'While defending France's national interests was the priority, he showed himself to be a sincere champion of Europe.'<sup>18</sup> To keep his election promises and return to a consistent dialogue with his European partners, Georges Pompidou proposed 'a summit meeting of Heads of State of the Europe of Six, to hold a debate on the triptych of completion, deepening and enlargement'. The summit was held on 1 and 2 December 1969 at the invitation of the Netherlands Government, which held the Presidency of the Community at the time. In France's view, 'completion' meant the need to establish a stable financial settlement to perpetuate the common agricultural policy. For the French President, 'enlargement' — and particularly the opening of accession negotiations

with the United Kingdom<sup>19</sup> — would not only counterbalance the considerable economic and political influence of Germany, but also protect Europe from any moves towards federalism, to which the British were traditionally hostile, and would reaffirm Europe's political vocation. This initiative by France initially aroused scepticism from the other Member States — particularly the Belgian, Dutch and Italian Governments — and from the Commission and Parliament. France was suspected of wanting to delay enlargement by creating numerous prerequisites. The fact that the meeting was a 'summit', with its 'Gaullist' connotations, made the Member States even more wary that France was trying to replace the Community institutions with an intergovernmental structure. The Commission was not in favour of the holding of a summit, but once the Council adopted this principle (by its decision of 22 July 1969), it said that it wanted to be involved and contributed to the preparations.<sup>20</sup>

The new German Chancellor Willy Brandt was keen to go down the path of active diplomacy, and punctilious cooperation with France was a vital element in his foreign policy, particularly since the assumption of the French Presidency by Pompidou appeared to favour such a prospect. This being the case, 'Brandt returned to the belief that a Franco-German understanding would constitute the critical basis for the further development of the Community. In a letter dated 27 November 1969, Brandt informed Pompidou of the objectives which he believed should take priority with a view to the forthcoming conference and which, it seemed, could perfectly well be attained [...]: agreement in principle on a final settlement of the question of financing the agricultural policy, a common decision on the negotiations over British accession, and the setting up of a "European Reserve Fund".'<sup>21</sup> The Chancellor believed that the fund was vital to stability and solidarity in the Community and that setting up a genuine monetary dimension was a way of deepening the process of Community integration. Germany's Minister for Economic Affairs had a different view of the matter and did not share the Chancellor's enthusiasm. What lay behind this personal initiative was the fact that 'Brandt was a staunch European federalist and very much in favour of economic and monetary union, just like Gaston Eyskens of Belgium and Pierre Werner of Luxembourg. He was a member of Jean Monnet's Action Committee for the United States of Europe and consulted him before preparing for the Hague Summit, and Monnet called on Triffin, who drew up the proposal for a European monetary fund.'<sup>22</sup>

Some historians believe that this idea actually came from Jean Monnet, and that Willy Brandt took it over as his own.<sup>23</sup> 'On 31 October 1969, when the Chancellor had only just taken office, Monnet sent him a detailed memorandum on the advantages and the practical operation of the European Fund. A week later, on 7 November, Brandt and Monnet had a long discussion in Bonn, in the course of which Monnet was at pains to dispel a number of doubts the Chancellor had regarding the reaction from German experts, the consequences the project would have for the British accession process and the probable attitude of the United States. On 9 November, in a handwritten note, Brandt himself summarised the purposes and aims of the European Fund and the controversy it would certainly set in motion ...'<sup>24</sup>

In the programme that he presented from the podium at the Hague Summit, Willy Brandt emphasised the 'political end-purpose' of European moves towards integration and stressed that economic and monetary union, to begin with, had to start with 'effective coordination of short-term economic policies', followed later by a common economic policy which must lead 'to a Community of stability which is open to the world'.

Before the Hague Summit opened, Pierre Werner, who saw the monetary aspect as a priority for European integration, set out the official position of Luxembourg.<sup>25</sup> Progress was

expected on the completion of the Communities, on their geographical enlargement and their reinforcement, materially and institutionally. The central focus of his statement and of Luxembourg's view was, however, monetary cooperation. 'The conditions for economic union cannot be met unless economic planning and short-time economic policy planning are developed. The achievement of these goals is often seen as preceding monetary integration. [...] If we refuse to accept a measure of monetary discipline at the Community level, it is highly probable that coordinated short-term economic policy will never come about. [...] Economic and monetary union, far from attempting to impose uniformity and rules on all the practicalities of a defined policy, should essentially be based on an acceptance of fundamental forms of discipline which ensure that the interests which all partners share are taken into account.'

As far as Pierre Werner was concerned, making positive progress towards monetary union would not mean that the national sovereignty of the Community countries would have to be encroached on, since, as 'the history of confederations and federations has amply demonstrated, the last bastion of national sovereignty is not the currency but tax, as the distributor of national income.'<sup>26</sup> Until the objective of a European reserve currency was attained, quasi-fixed exchange rates between the European currencies should be maintained. Changes could only be made by following the Community's approval procedures, where prior consultation would be obligatory. At the same time, 'the European unit of account enshrined in the Treaty must come into general use as a common denominator for transactions among the Six.'<sup>27</sup> Werner went still further, suggesting a concerted Community stance at the international level. Thus, he proposed the setting up of a European monetary fund to manage mutual assistance operations and monetary credit granted to non-Community countries. A common stance and common management of Special Drawing Rights on the International Monetary Fund were also promised, as was the merging of quotas at the International Monetary Fund. Ten years seemed to the President of the Government in Luxembourg a long time for achieving these goals, but it felt premature to set an actual period. 'However that may be, the Luxembourg delegation would be happy to see a reference made in our communiqué to our wish to establish monetary union within a period of time to be determined, by successively setting up the appropriate understandings, mechanisms and bodies, relying on coordination of the economic policies which it will be their task to stimulate.'<sup>28</sup>

President Pompidou, who was opposed to supranationalism, had expected the Hague Summit to be a purely intergovernmental affair, leaving the Community institutions to one side. He had to give ground: the Commission was invited to the discussions on 2 December, the second day of the meeting.<sup>29</sup> At the end of the summit, Paris agreed to the Commission's representing the Six at the negotiations on British accession. The securing of own resources for the EEC, too, was a step forward for the drive to supranationalism. However, the Commission's voice at the summit did not carry the day, and it found itself sidelined by this intergovernmental way of proceeding which was institutionalised in 1974.

The final outcome of the Hague Summit was positive and it opened up new prospects for the building of a united Europe which gave the forward march of the Community new momentum. At the end of the summit, Raymond Barre warned against the difficulty of the road ahead, emphasising that 'even though we can be pleased that we are ready to display greater political will, we mustn't get carried away; we must realise exactly what the gradual creation of economic and monetary union actually entails'.<sup>30</sup>

To explore ways of making progress towards economic and monetary union by stages, an ad hoc committee of experts in the field was set up. Following a request by the Council of the European Community, Pierre Werner was chosen to chair the group and its work was to culminate in the Werner Plan.

<sup>1</sup> Unless otherwise indicated, the source of all the documents cited in this study is [www.cvce.eu](http://www.cvce.eu).

<sup>2</sup> See points 5 to 7 of the [Final Communiqué from the conference](#):

\*5. 'As regards the completion of the Communities, the heads of State or Government reaffirmed the will of their governments to pass from the transitional period to the final stage of the European Community and accordingly to lay down a definitive financial arrangement for the common agricultural policy by the end of 1969.

They agreed progressively to replace, within the framework of this financial arrangement, the contributions of member countries by their own resources, taking into account all the interests concerned with the object of achieving in due course the integral financing of the Communities' budgets in accordance with the procedure provided for in Article 201 of the Treaty establishing the EEC and of strengthening the budgetary powers of the European Parliament.

The problem of the method of direct elections is still being studied by the Council of Ministers.'

\*6. 'They asked the Governments to continue without delay within the Council the efforts already made to ensure a better control of the market by a policy of agricultural production making it possible to limit budgetary charges.'

\*7. 'The acceptance of a financial arrangement for the final stage does not exclude its adaptation by unanimous vote, in particular in the light of an enlarged Community and on condition that the principles of this arrangement are not infringed.'

In *Bulletin of the European Communities*, No 1/1970, pp. 12–17. (Document consulted on 10 October 2012.)

<sup>3</sup> The Treaty signed on 21 April 1970 (and applied from 1 January 1971) provided for the gradual replacement, during the 1970s, of the Member States' contributions by own resources including agricultural levies, customs duties on products imported into the Community and a share of VAT receipts, subject to a 1 % ceiling. It was not until 1 January 1978, following a seven-year transitional period, that the Communities had their own resources. See [Council Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources](#), in *Official Journal of the European Communities*, No L 94, 28.04.1970. (Document consulted on 10 October 2012.)

<sup>4</sup> See Point 8 of the Final Communiqué from the conference: '[The Heads of State or Government and the Foreign Ministers of the Member States of the European Communities] reaffirmed their readiness to further the more rapid progress of the later development needed to strengthen the Community and promote its development into an economic union. They are of the opinion that the integration process should result in a Community of stability and growth. To this end they agreed that within the Council, on the basis of the Memorandum presented by the Commission on 12 February 1969 and in close collaboration with the latter, a plan in stages should be worked out during 1970 with a view to the creation of an economic and monetary union. The development of monetary co-operation should depend on the harmonisation of economic policies.

'They agreed to arrange for the investigation of the possibility of setting up a European reserve fund in which a joint economic and monetary policy would have to result.' Ibid. *Bulletin*, No 1/1970, pp. 12–17

<sup>5</sup> See Point 15 of the Final Communiqué from the conference: '[The Heads of State or Government and the Foreign Ministers of the Member States of the European Communities] agreed to instruct the Ministers for Foreign Affairs to study the best way of achieving progress in the matter of political unification, within the context of enlargement. The Ministers would be expected to report before the end of July 1970.' Ibid. *Bulletin*, No 1/1970

<sup>6</sup> For details, see subsection 1.3.1, 'The first and second Barre Plans'.

<sup>7</sup> See Maes, Ivo, 'Projets d'intégration monétaire à la Commission européenne', in Bussière, Eric; Dumoulin, Michel (Ed), *Milieus économiques et intégration européenne en Europe occidentale au XXe siècle*, Artois Presses Université, Arras, 1998, pp. 35–50.

<sup>8</sup> [Aide-mémoire from the European Commission to the Conference of Heads of State or Government \(19 November 1969\)](#). Ibid. In *Bulletin des Communautés européennes*, No 1/1970, p. 17. (Document consulted on 10 October 2012.)

<sup>9</sup> See Magnusson, Lars; Strath, Bo (Ed), *From the Werner Plan to the EMU. In search of a Political Economy for Europe*, PIE-Peter Lang, Brussels, 2001.

<sup>10</sup> This was an idea dear to the French, and in particular to Georges Pompidou, who was in favour of creating a 'European monetary entity [...] provided it was possible to leave it'. See Bossuat, Gérard, 'Jean Monnet et l'identité monétaire européenne', in Bossuat, Gérard; Wilkens, Andreas (Ed), *Jean Monnet, l'Europe et les chemins de la paix*, Publications de la Sorbonne, Paris, 1999, p. 380. Maes, Ivo, Ibid., p. 43. Bloomfield, A, 'The Historical Setting', in Krause, Lawrence B.; Salant, Walter S. (Ed), *European Monetary Unification and its Meaning for the United States*, Brookings, Washington, 1973, p. 11

<sup>11</sup> Schoutheete, Philippe de, *La coopération politique européenne*, Éditions Lador, Paris-Brussels, 1980, pp. 29–30

<sup>12</sup> Bitsch, Marie-Thérèse, *Histoire de la construction européenne. De 1945 à nos jours*, Éditions Complexe, Brussels, 2008, p. 178. Furthermore, in order to distance the political secretariat from the Commission and NATO, France was thinking of establishing it in Paris.

<sup>13</sup> Bernard, Jean-René, 'L'élargissement de la Communauté vu de Paris', in *Georges Pompidou et l'Europe*, Éditions Complexe, Brussels, 1993, pp. 237–252, cit. p. 243

<sup>14</sup> Marie-Thérèse Bitsch, *ibid.*, p. 177.

<sup>15</sup> After the failure of the referendum of April 1969, General de Gaulle immediately resigned. Following the election of 15 June 1969, Georges Pompidou, former Prime Minister to General de Gaulle, became President of the French Republic.

<sup>16</sup> After the federal elections of 28 September 1969, Willy Brandt was elected fourth Federal Chancellor of the Federal Republic of Germany on 21 October. From 1966 to 1969, he was Foreign Minister and Vice-Chancellor in the Government of Kurt Georg Kiesinger.

<sup>17</sup> The French attitude led to a number of crises which were instrumental in slowing down the process of European integration: the empty chair crisis at the EEC in 1965, France's monetary difficulties, the rejection of the UK's application to join the EEC and the empty chair affair at Western European Union.

<sup>18</sup> Bitsch, Marie-Thérèse, 'Le sommet de La Haye. L'initiative française, ses finalités et ses limites', in *Revue d'histoire de l'intégration européenne*, Volume 9, No 2, 2004, pp. 83–99

<sup>19</sup> In return, Britain had to show that it was sincere in joining the European Community and comply with everything that had so far been achieved in the building of a united Europe. British accession was essentially based on the resolution of five major issues: the international role of the pound sterling; the British contribution to the Community budget; the common agricultural policy; Britain's exit from the European Free Trade Association (EFTA); and the Commonwealth.

<sup>20</sup> The French Government was quite reluctant to go along with this idea, and President Pompidou finally suggested inviting the Commission to give a presentation on Community issues as part of a technical working session. This would satisfy the Commission but would keep it in the background. But the Commission's diplomatic offensive with the other Member States ensured its participation at the Hague Summit. See Dumoulin, Michel (Ed), *La Commission européenne, 1958–1972: Histoire et mémoires d'une institution*, Office des publications officielles des Communautés européennes, Luxembourg, 2007, pp. 138–139.

<sup>21</sup> Wilkens, Andreas, 'Une tentative prématurée. L'Allemagne, la France et les balbutiements de l'Europe monétaire', pp. 80–81, in Du Réau, Élisabeth; Franck, Robert (Ed), *Dynamiques européennes. Nouvel espace, nouveaux acteurs: 1969–1981*, Publications de la Sorbonne, Paris, 2002, 320 p.

<sup>22</sup> Maes, Ivo, 'Projets d'intégration européenne à la Commission européenne au tournant des années 1970', in Bussière, E.; Dumoulin, M.; Schirmann, S. (Ed), *Milieus économiques et intégration européenne en Europe occidentale au XXe siècle, La relance des années quatre-vingt (1979–1992)*, Comité pour l'Histoire Économique et Financière de la France, Paris, 2007, p. 38

<sup>23</sup> Wilkens, Andreas, 'L'Allemagne et le projet d'union économique et monétaire (1969–1972)', in Bossuat, Gérard; Wilkens, Andreas (Ed), *Jean Monnet, l'Europe et les chemins de la paix*, Publications de la Sorbonne, Paris, 1999, 540 p., pp. 466–467

<sup>24</sup> Ibid.

<sup>25</sup> Werner, Pierre, [Statement to the conference of Heads of State or Government](#), The Hague, 1 December 1969. In Documentation bulletin No 14 of 10 December 1969, Luxembourg: Information and Press Service, Ministry of State, Grand Duchy of Luxembourg, December 1969, pp. 3–7. (Document consulted on 10 October 2012.)

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Although the French had preferred to relegate the Commission to a secondary, strictly technical role, the Commission worked actively to secure the support of the other Member States for its participation in the summit. To this end, it set out its own vision of the 'completion, deepening and enlargement' triptych and reflected on how to complete the customs union by establishing an economic and monetary union. See Dumoulin, Michel (Ed), *La Commission européenne, 1958–1972: Histoire et mémoires d'une institution*, Office des publications officielles des Communautés européennes, Luxembourg, 2007, pp. 138–139.

<sup>30</sup> Barre, Raymond, *Perspectives de la construction européenne après La Haye*, in *Bulletin of the European Communities*, Vol. 2/1970, pp. 9–14, cit. p. 11