The Werner Report

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The Werner Report [1]

The speeches, discussions and exchanges which took place at the preliminary meeting in Luxembourg on 11 May 1970 and the first two working meetings (on 20 March in Luxembourg and 7 April in Brussels) helped the 'Werner Group' [2] define the main points of its future common position and set up the framework for the report in its successive forms and stages.

At the first meeting, Pierre Werner, in the chair, presented a first comparative overview of the discussions that had been held on the subject of monetary integration and the proposals put forward by various governments (Germany, Belgium and Luxembourg) [3] and the Commission. [4] While emphasising what he believed to be the priorities for the work of setting up an economic and monetary union by stages, the chairman urged his colleagues to give thought to what practical measures and methods might be adopted for the attainment of the ultimate objective and to put them forward for discussion. [5] The idea of drawing up a 'plan by stages' took shape and the members of the group reached agreement on the underlying principles and the issues to be addressed in such a document.

The Werner Group agreed, in fact, to take a pragmatic view, since 'abstract reasoning is not a reliable guide when it comes to seeking to identify in an accurate and detailed manner the configuration to be given to a construction of which one of the main characteristics will be its complexity.' [6]

The various monetary integration plans put forward by some of the countries in the Six and the Commission were merely rough outlines, drafts, statements of intent, while the measures suggested for the period covered by the stages were set out in the form of extremely general indications — although there was no ambiguity about them. Taking these factors into account, and out of a desire to hammer out some practical solutions, as they had been instructed to, the members of the group decided to make as coherent a summary as they could of the various features of these plans and then try to make them specific or fill in the detail.

The concepts underlying the Werner Report

To give them a clearer view of the outlines of economic and monetary union in the plan by stages, the members of the Werner Group agreed that they should define a number of basic objectives and then try to identify and clarify the conditions to be met so that they could be achieved.

The basic objective of the plan by stages was to 'bring into being an area within which goods, services, people and capital would move freely while monetary transactions carried out by businesses would not be hindered in any way or exposed to exchange-rate risks'. [7] Joint action in the field of economic policies — simple coordination, more sustained harmonisation, common policies — stands out as another very fundamental objective, designed to help hold the whole construction together more tightly and enable it to achieved sustained growth against a background of stability. The concept of common policies entailed the idea of shared risks and therefore the need for common solidarity. [8]

Economic and monetary union implied a common currency, 'though it would hold together just as well, to begin with, if there were a system guaranteeing that the exchange rates

between the Member States' currencies were fixed irrevocably. It also involved setting up a capital market at the European level and a sufficient degree of tax harmonisation.' [9] If the exchange rates between Community currencies were irrevocably fixed, it would be impossible to devalue or revalue any one of the currencies on its own; but their exchange rate as a bloc could always be changed. Irrevocably fixed exchange rates and solidarity between Community currencies would be backed up by the Community's foreign exchange reserves, which would have to be available to meet all settlement requirements involving external parties, according to practical arrangements to be decided on jointly. The easiest way of achieving this aim would be through a European reserve fund.

It was also agreed that in international monetary relations the Community would speak and act as an entity in its own right.

Another common conclusion from the Werner Group was that there needed to be some transfer of decision-making powers on economic policy from the national to the Community level, particularly as regards budgetary matters, and centralisation in the field of monetary policy.

An aspect which was only lightly touched on in these early discussions, but which was to be dealt with in detail as the Werner Group pressed ahead with its work, was the question of the part the two sides of industry were to play in establishing economic and monetary union. It was stipulated that 'a Community body consisting of representatives of both sides of industry and of those responsible for economic policy in the Community' [10] would be set up. This body, whose purpose would be to closely involve the two sides of industry in the shaping of the Community's economic policy, would be especially vital when it came to ensuring that incomes and assets developed satisfactorily, which was necessary both from the social point of view and from the point of view of compatibility with the Community's economic objectives.

[1] Unless otherwise indicated, the source of all the documents cited in this study is www.cvce.eu.
On its very first official publication in Luxembourg on 8 October 1970, the 'Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community' also bore the short title the 'Werner Report'. Subsequently, in the version submitted to the European Parliament on 29 October 1970, the short title was left off, as it was in the later published versions of the document. Being a plan by stages, the 'Werner Report' was also called the 'Werner Plan'; it was frequently referred to by that name in speeches, newspaper articles and the like, but not in official publications. Currently, both terms are widely used in the specialist literature and in common parlance, but in the interests of accuracy we will give preference to the title the 'Werner Report'. (Document consulted on 10 October 2012.)
[2] Following the Hague Summit (1–2 December 1970) and the decision by the Heads of State or Government of the Six to look into ways of making progress towards economic and monetary union by stages, a study group was set up. At the beginning of March 1970, Pierre Werner was appointed to chair it and the Werner Group officially started its work on 20 March 1970. The minutes of the first meeting referred to it as the 'group of experts', but later the terms 'committee of experts' or 'Werner Committee' were increasingly used. These two forms of words — 'group of experts' or 'committee of experts' and 'Werner Group' or 'Werner Committee' — both entered common parlance, with the same meaning.
[3] These were the monetary integration plans from Germany (the Schiller Plan, released on 12 February 1970), Belgium (the Snoy Plan, released on 20 February 1970) and Luxembourg (the first Werner Plan, released on 23 February 1970), which, together with the second Barre Plan, formed the background material used by the Werner Committee. (Documents consulted on 10 October 2012.)
[4] Communication from the Commission to the Council on the establishment of a plan in stages for economic and monetary union, released on 4 March 1970 (the second Barre Plan). (Document consulted on 10 October 2012.)
[5] See chapter 2, 'The establishment of the Werner Committee and an account of its work (March–October 1970)'.
[6] Handwritten note by Pierre Werner. In the Pierre Werner family archives, ref. PW 048, case entitled 'Intégration monétaire de l'Europe. Le Plan Werner: 1970' [Monetary integration of Europe. The Werner Plan: 1970].
[7] Draft minutes of the first meeting of the ad hoc 'plan by stages' group, 20 March 1970, European Communities, secretariat of the 'plan by stages' group, Brussels, 31 March 1970, ORII/22/70-F. In the Pierre Werner family archives, ref. PW 048. (Document consulted on 10 October 2012.)
[8] 'In the event of a serious imbalance in one of the Member States, due, in particular, to a grave, unforeseeable mishap, the end result could be that the Member State concerned might be forced to take all requisite corrective steps and it might be necessary for Community solidarity to come into full play.' See Verbatim account of speeches. Meeting of the ad hoc 'plan by stages' group on 7 April 1970. Brussels, 10 April 1970, confidential, ref. ORII/28/70F. In the Pierre Werner family archives, ref. PW 048.
[9] Ibid.
[10] Note regarding progress with economic and monetary union at the end of the plan by stages, European Commission, secretariat of the 'plan by stages' group, OR II/24/70, Brussels, 3 April 1970. In the Pierre Werner family archives, ref. PW 048. (Document consulted on 10 October 2012.)