Reactions in the European Commission

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Reactions in the European Commission [1]

Agreement and discord with the Werner report

'The relationship between the Commission and the Werner Group was complex, but it was an integral part of the workings of the Werner Group'. [2] This was a clear, organised relationship between two fairly self-sufficient bodies, and at the same time links between individuals, whose affinity and understanding, pride and enmity transcended the official side. The ad hoc group, which ultimately brought together — after the appointment of the Prime Minister of Luxembourg as chairman — representatives of the six countries making up the Community. It was made up of the chairmen of the Commission's various specialist committees as well as a representative of the Commission itself. [3] The latter body also took charge of the technical coordination of work. [4] Of these committees, the Committee of Governors of the Central Banks was the most independent both in words and action due to the autonomy enjoyed by central banks with regard to their respective governments. The other committees, established by a decision with no supranational input [5] and the fruit of collaboration between the relevant government departments of Member States, were still influenced by national-policy positions and interests. The Commission set up an inter-directorate working party on economic and monetary union [6] comprising the directors and the secretary of the Monetary Committee, with the task of supplying the Commission's representative in the Werner Group with comments and documentation. As a matter of courtesy and concern for efficiency, the office of Commission Vice-President Raymond Barre also assisted the committee of experts, including on matters of logistics, finance and protocol. [7] The Commission was officially, and unofficially, informed of the Werner Committee's proceedings.

Raymond Barre was on good terms with his compatriot Bernard Clappier as well as Baron Ansiaux. In his capacity as Vice-President of the Commission he systematically took part in the work of the committees they respectively chaired. He knew Pierre Werner too, having met him regularly at meetings of Community Finance Ministers since 1967. They shared a strong commitment to European integration and their exchanges on monetary matters at the start of the 1970s strengthened their agreement. [8] According to some sources, [9] it was Raymond Barre who proposed the Luxembourg Prime Minister to chair the group of experts, leaving it up to the others to take action. For his part, in view of the length and breadth of his political responsibilities at a national level, Pierre Werner had long been on good terms with his partners — in particular in Belgium (Baron Snoy and Baron Ansiaux) and France (Valéry Giscard d'Estaing, Bernard Clappier), but also in Germany (Karl Schiller, Johann Baptist Schöllhorn) — who interacted with the ad hoc committee. Indeed, when Werner was eventually appointed as chair of the committee, it was by a unanimous vote. [10]

So synergy between the Werner Group and the Commission was effective and mainly peaceful, though punctuated by occasional discord and tension. The members of the Werner Group were at liberty to debate for seven months, quite independently but in a personal capacity, on the broad lines leading to economic and monetary union. The Commission, meanwhile, had the difficult task of proposing and gaining approval for means of action which satisfied both the sensibilities of the Six and Community procedures, whether taking into account the Werner Plan or not. Raymond Barre made this position abundantly clear in his various statements to the European Parliament. When the MEPs stood up for the Werner Report, defending the objectives and priorities of economic and monetary union as set forth in the report, [11] the Vice-President of the Commission replied severely: 'I would like to repeat to the European Parliament what I have been saying for many months — indeed, for many years to the Parliament […] — what counts is not reports, plans, statements of good intention, what counts is decisions. And the goal for which the Commission is aiming is to obtain a certain number of decisions […] Irreversible decisions.' [12] 'It is the responsibility of the Commission and the Council to determine which are the best methods for reaching the necessary decisions [on the plan by stages] at the end of the year. At that point the Commission will table the proposals which it is duty bound to make.' [13]

Reading between the lines of this statement, one senses the antagonism between the long-term thinking (spanning a whole decade) in the Werner Report, which, due to the large number of unknowns, could only provide for specific measures for the first stage, and the 'immediacy' of the existence and thinking of the Community's executive, for which the long term was often synonymous with its term of office. Furthermore the Werner Plan kept to a minimum the elements which were essential to the definition of a full economic and monetary union. The Commission's proposals, which were less ambitious than those of the ad hoc group, and lagged behind them, were in effect the legal formalisation (in the form of a resolution and two draft decisions to be adopted by the Council) of certain suggestions from the Werner Plan. The intransigence apparent in Raymond Barre's statements is also linked to another factor, namely the European Commission's aspiration to give its action fresh impetus and consolidate its position both in the implementation of the major projects launched by the Hague Summit and in striking a new balance in interinstitutional relations. It is worth recalling that the summit had been seen by its initiator, President Pompidou, as exclusively intergovernmental, without the Community institutions making any contribution. The Commission, which had misgivings at first, became more and more convinced that such a conference could generate issues of major importance for European integration. It went into action, mustered support from the other Member States and succeeded in becoming actively involved. [14] The decisions taken at The Hague gave the Commission the prospect of exerting influence on the projects adopted. This was particularly true in the case of economic and monetary cooperation, for which the Commission served as a laboratory. It was not, therefore, content merely to manage the day-to-day technical business or to be reduced to a sort of secretariat-general. [15] The same applied to institutional affairs, where the Commission, the guardian of the treaties, refused to let itself be marginalised and intended to bring all its Community powers to bear in the decision-making triangle which it formed with the Council and Parliament. [16]

Another aspect may offer a further clue as to why the reaction from the Vice-President of the Commission was so severe. This was the complicated personal relations between Raymond Barre and Pierre Werner. They had known each other for a long time, often met in European circles (it was Barre who was said to have put Werner's name forward for the chairmanship of the committee of experts) and had a great deal of respect for each other. However, and notwithstanding the personal ties which they kept up until the end of their lives (including on the euro front), at the time of the Werner Report they were not communicating with each other on the basic questions at issue in that matter. There is nothing to that effect in the Pierre Werner family archives. Barre also used to show his irritation whenever the merits of the committee of experts and Werner were vaunted. It was contradictory and paradoxical. The following theory might serve to explain it. Raymond Barre had a high regard for Pierre Werner's qualities as a man, for his intelligence, his character and his caution, an attribute which they shared. He also admired his career in politics. But where economic and monetary union was concerned, their views sprang from two different backgrounds. Because of his personality, and a career of nearly three decades at the highest levels of political life in a country enjoying great stability, Pierre Werner quite naturally gravitated towards taking the long-term view. Having broad horizons of this kind prompted him to think questions over and devise plans for the future which inevitably became reality years later. The long-term relegated pragmatism to second place. Raymond Barre was on the side of those who, in the way they saw things, gave priority to the short and medium terms and put the emphasis on the pressing need to move forward. As a result, small but practical steps were the way to proceed. The result was greater caution and a special concern for procedures, and ambition was reined in when it came to the objectives pursued and steps taken.

After officially acquainting itself with the Werner Report, [17] the Commission of the European Communities drew up and submitted to the Council, on 29 October 1970, its own proposals and two motions for resolutions on the establishment by stages of economic and monetary union. [18]

A brief summary of the content of these documents is presented below.

The Commission considered that the Werner Plan had highlighted the fundamental options for an economic and monetary union, acknowledging that it had contributed to progress in Community affairs. On the other hand it reasserted that the ideas set forth by the experts were in no way binding. [19] The Commission endorsed the key points in the plan by stages, which included the need for progress on political unification. [20] Completing economic union and bringing about its monetary counterpart should go hand in hand with the transfer to the Community of certain powers hitherto invested in national authorities. But this transfer should be limited to what was necessary for cohesive unity and efficient Community action. Policies decided at a Community level would be subject to the democratic control exercised by the European Parliament and to regular consultations with both sides of industry. Two supranational bodies were envisaged: a decision centre for economic policy and a Community system of central banks. These were seen as essential to the successful control of economic and monetary policy inside the union.

The Commission was unstinting in its criticism of the Werner Report, which, in its view, only offered general guidelines. Detailed studies would consequently now be required. [21] The first point to be explored in greater depth was the Community system of central banks in charge of managing the Union's monetary affairs. The nature and specific responsibilities of this system needed to be decided. Furthermore, a clear definition was required of what the conduct of the union's economic and monetary policy involved. More detail was needed on the new institutional architecture too. 'There is no question of anticipating the distribution of powers between Community institutions, on the one hand, and between these institutions and the authorities of the Member States, on the other. However this distribution must ensure that the Community institutions are genuinely effective, with a valid democratic basis.' [22]

The Werner Report recommended a certain amount of flexibility in implementing these measures. It consequently did not set a specific timetable for all the stages. Only the first stage was defined in more detailed, precise terms. The path to the final objective was only sketched out with general guidelines. This outlook was neither superficial nor lacking in imagination and pragmatism. It was the result of a working method inspired by the approach previously used to develop the Common Market, which Werner proposed to the group of experts at their preliminary meeting in Luxembourg on 11 March 1970. The aim was to concentrate on priority issues, to provide ideas and practical solutions for achieving short-term goals, while taking into consideration possible avenues and experience which might prove useful in the medium and longer term, even if this was not immediately clear. From the outset, and throughout the process, Werner encouraged his fellow committee members to keep notes describing the stages and measures they were considering to achieve the final objective. [23] It was thus possible to identify the points on which they agreed and the divergences between various opinions, and ultimately to reach a political consensus. In the light of this principle, the group set forth in the text itself its determination 'to maintain a measure of flexibility to permit any adaptations that the experience acquired during the first stage may suggest'. [24]

The Commission did not share this view, believing a more precise definition of what followed the first stage to be necessary. It understood to some extent the approach adopted by the Werner Committee: since it had only a limited period available for its work (March to October 1970), this ruled out detailed examination of all the issues at hand. But it was less indulgent on another point: the committee of experts 'had not seen fit to address the suggestions for subsequent stages set forth in the documents submitted by the governments or in the Commission communication of 5 March 1970'.

On the matter of the first three-year stage, the Commission was on the same wavelength as the Werner Plan. The key concern was the methods for coordinating short-term economic policies and gradually reducing the margins for fluctuation between the currencies of the Member States. It was less happy about the terse account of the transition to the final objective. For this reason, [(it) ... did not find it possible to comment in any detail on this brief section of the Werner report]. [25] As for the European fund for monetary cooperation, which was so important to the Werner Committee (and was proposed as part of the first stage), the topic was dismissed by a faultless diplomatic pirouette: 'This very important question deserves more extensive examination, which should be continued without delay on the basis of the report by the Committee of Governors of the Central Banks.' [26] The Commission's misgivings were not only due to the sketchy nature of the Werner Committee's comments, but above all to a difference in approach. At the instigation of Raymond Barre the Commission concluded that reducing the fluctuation margins should have been the focus of debate and a central plank of the strategy of the plan by stages, whereas an exchange rate stabilisation fund would only be required later, once the appropriate mechanisms had been set up. Moreover, Barre drew attention to the fact that '[…] the first Werner Report made the mistake of highlighting a secondary issue, namely the Stabilisation Fund, setting aside the key item which is to reduce the margins. It is certain that a number of Member States would not agree to set up an exchange rate stabilisation fund simply for its own sake. For my part, I deplore this, because I think that a stabilisation fund could lead to a more assured approach to monetary matters. But the Member States must be taken as they come and we must make allowance for the opinions of all parties.' [27] This was not the first time he had made this point. He had stated his position on many occasions, in particular at the Venice meeting of Finance Ministers on 29 May 1970 and during the debates by the Economic Affairs Committee of the European Parliament (as discussed above), but never in such incisive terms.

On the other hand, the Commission fully agreed with the Werner Report on the inevitability of changes being made to the Treaty of Rome to accommodate the establishment of economic and monetary union. As the necessary adjustments would be decided according to the areas in which progress was required, the Commission undertook to present the requisite draft amendments before the end of the first stage.

In view of the fact that 'the [Werner] Report makes an essential contribution to the work carried out by the Community institutions to finalise the plan by stages decided by the Heads of State or Government in The Hague', the Commission underlined that '[…] the way forward is sufficiently clear for the Community to launch, at the beginning of 1971, the process for the gradual establishment of economic and monetary union'. [28] It therefore recommended that the Council should adopt, before the end of 1970, a resolution on the establishment by stages of economic and monetary union in the course of the decade from 1970 to 1980. The same resolution should set in motion an action programme, for 1971 to 1973, for the first stage, which was an essential part of the complete process of achieving economic and monetary union. According to the Commission, two other decisions were essential to engage the Community politically. One targeted greater coordination of short-term economic policies; the other concerned more intense collaboration between the Community's central banks. With these decisions the Council would mark the start of the aforementioned action programme.

Inspired by the key points in the Werner Report, the Commission's first resolution focused on the coordination of short-term economic policy. The Council would devote three sittings a year to examining the economic situation in the Community, with a view to pinpointing common guidelines for the short-term economic policy of Member States. [29] This cycle of analysis would be completed by an annual report on the economic situation in the Community. Its conclusions would determine broad guidelines that would be set for the following year. The Member States would be expected to comply with these guidelines when implementing their respective economic policies. Governments would submit the annual report to their national parliaments for debate and as a basis for framing the budget for the following year. A mechanism of this sort would set in motion real coordination of budgetary policy in the Member States.

The second resolution dealt with closer collaboration between the central banks, a key item in the first stage. To boost concerted action, [30] the central banks would be required to follow convergent guidelines on monetary and credit policy, defined at the instigation of the Committee of Governors. [31] As for the European Monetary Cooperation Fund, the Commission issued a mandate to the Monetary Committee to draft, in partnership with the Committee of Governors of the Central Banks, a report on its functions and organisation for submission to the Commission and the Council by 30 June 1972 at the latest. The second resolution contained another of the Werner Plan's recommendations relating to European monetary solidarity. The Community would gradually adopt common positions on monetary relations with third countries and in international organisations.

All the actions for the first three-year stage were due to start from 1 January 1971. The Commission, which was tasked with setting up the agreed strategy, would submit a communication to the Council before 1 May 1973 detailing the progress made and the measures to be adopted to proceed beyond the first stage, including a draft of the changes to the treaty as stipulated in Article 236. [32]

The central bankers were the first to voice their discontent on discovering how much the Commission had toned down the Werner Report. In the first meeting of the Committee of Governors of the Central Banks which followed the publication of the Commission's proposals, the discussions highlighted their disagreement. The President of the Bundesbank, Karl Klasen, explained that whereas he fully accepted the report by the Werner Group, it was impossible for him to respond in the same way to the Commission's proposals. Although it affirmed similar goals, the Commission did not put forward the same views. The Italian members of the Committee of Governors deemed that the Commission's proposals lacked clarity and only had symbolic value. They held that it was important to achieve convergence between the economic and monetary development of the partners in order to make real progress towards economic and monetary union. [33]

Ugo Mosca, the Director General of Economic and Financial Affairs and a member of the ad hoc group, addressed these concerns, replying that any distinction between the two documents was purely formal. ‘The difference between the two documents was mainly a matter of presentation due to the fact that the Werner Group comprised highly qualified public figures who always thought in functional terms, whereas the Commission had expressed itself in terms corresponding to the legal and political necessities’. [34]

A brief comparison of the Werner Report and the Commission’s proposals shows that their respective views were similar on a large number of key issues, but the emphasis varied. For a start both documents offered exactly the same definition of the final objective, with the affirmation of the irreversible nature of economic and monetary union, which would require the political commitment of the Member States. The first stage would play a decisive role in this process to work towards a ‘community of stability and growth’. Again the principle of parallelism between tighter coordination of both economic and monetary policy was carried over. The Werner Group emphasised monetary policy, including its social repercussions, [35] whereas the Commission, convinced that less progress would be needed in the first stage, paid less attention to this field. The need to adapt the Treaty of Rome was clear, as was the transfer of powers from the national to the Community level. Unlike the Werner Report, which put the emphasis on expanding the institutional fabric with new Community bodies, [36] the Commission thought that such transfers were entirely possible within the framework of existing institutions. It would simply be necessary to redistribute powers and re-organise the links between institutions, on the one hand, and between Community bodies and national authorities, on the other.

‘In all these fields we shall resume the work in hand with regard to relations between the Commission and the Council, in other words urge the Council to take specific decisions in various fields, for […] what counts is not reports, plans, statements of good intention, what counts is decisions […]. The goal for which the Commission is aiming, in the coming months and above all before the Council meeting at the end of December, is to obtain a certain number of decisions which will show very clearly that we are moving irreversibly towards better economic, monetary and financial organisation of the Community.’ [37]

In keeping with the timetable set by the Heads of State or Government, the deadline for the decisions to be taken was 31 December 1970.

[1] Unless otherwise indicated, the source of all the documents cited in this study is www.cvce.eu.
[2] Paye, Jean-Claude, 'Le rôle de la Commission des Communautés, 1967–1973', in *Le rôle des ministères des Finances et de l'Économie dans la construction européenne (1957–1978)*, 2 volumes, Paris. Publication of the proceedings of the Journées Préparatoires forum held in Bercy, Paris, on 14 November 1997 and 29 January 1998. Comité pour l'Histoire économique et financière de la France, 2002, Volume 2, p 120
[3] The Werner Committee members included the chairmen of the Monetary Committee (Bernard Clappier, France), the Committee of Governors of the Central Banks (Hubert Ansiaux, Belgium), the Medium-Term Economic Policy Committee (Johann Baptist Schöllhorn, Germany), the Conjunctural Policy Committee (Gerard Brouwers, the Netherlands) and the Budgetary Committee (Gaetano Stammati, Italy). The Commission was represented by the Director-General of Economic Affairs, Ugo Mosca. For more details, see chapter 2, 'The establishment of the Werner Committee and an account of its work (March–October 1970)'.
[4] The Werner Committee secretariat was run by Georges Morelli, of France, an official from DG II at the Commission of the European Communities.
[5] 'Le contenu des propositions de la Commission européenne au Conseil des ministres en matière de coopération monétaire et financière au sein de la CEE: M. Marjolin souligne la signification et la portée', Agence Europe, No 1590, Brussels, 1 July 1963
[6] Commission note No 700225, 26 January 1970.
[7] The Pierre Werner family archives show that the treatment, both in terms of protocol and funds, reserved for all the expert members of the ad hoc committee (full members, deputies, associate specialists) was decided thanks to Commission Vice-President Raymond Barre, who proposed and obtained the necessary conditions from the Commission. Source ref. II-DG/AM.1f/13.III.1970, p. 0029, Historical Archives of the Commission, Brussels
[8] Pierre Werner family archives, ref. PW 047, case entitled 'Groupe Werner: Antécédents, préparatifs et réunions 1968–1970' [Werner Group: Antecedents, preparations and meetings 1968–1970] and ref. PW 048, case entitled 'Intégration monétaire de l'Europe. Le Plan Werner: 1970' [Monetary integration of Europe. The Werner Plan: 1970].
[9] See section 2.1 entitled 'Pierre Werner's appointment as chairman of the committee of experts — three different accounts'.
[10] Ibid.
[11] Statements by three MEPs — Lange, Bousch (rapporteur on the plan by stages for the Economic Affairs Committee) and Springorum. Economic Affairs Committee of the European Parliament. Meeting on 28–29 September 1970 in Brussels. Minutes of meeting, cf. PE/II/PV/70-14, p. 9
[12] Statement by Raymond Barre. Tape 218. Transcription. Economic Affairs Committee of the European Parliament. Meeting on 28–29 September 1970 in Brussels, p. 11. In the Pierre Werner family archives, ref. PW 048.
[13] Ibid., p. 8.
[14] The Commission, which French reservations had relegated to a secondary, strictly technical role, went into action and secured the backing of the other Member States to allow it to take part in the summit. With this in view, it defined its own vision of the 'completion — deepening — enlargement' triptych and gave thought to the question of supplementing the customs union by setting up an economic and monetary union, with which Raymond Barre was very closely associated. See *European Commission (1958–1972) — History and memories of an institution* (Ed. Michel Dumoulin), Office for Official Publications of the European Communities, Luxembourg, 2007. On 22 June 1970, just before President Malfatti took office, Secretary-General Emile Noël sent him a letter emphasising the risks of the Commission's being weakened and the need to redefine its relations with the Council and Coreper. 'Criticism of the Commission's actions and questioning of its role […] have been easier to engage in and have become more and more open since 1967 in the Council, Parliament and the European and international press.' Document quoted by Marie-Thérèse Bitsch in *Le développement de la Commission unique (1967–1972)*, p. 148.
[15] Raymond Barre was thus in complete agreement with the new President of the European Commission, Franco Maria Malfatti, who had clearly expressed that aim in his speech on the Commission's programme to the European Parliament on 15 September 1970. Statement by Franco Maria Malfatti, President of the European Commission, to the European Parliament, Strasbourg, 15 September 1970. Office for Official Publications of the European Communities, Luxembourg, 1970
[16] Ibid, pp. 142–148. On 22 June 1970, just before President Malfatti took office, Secretary-General Emile Noël sent him a letter emphasising the risks of the Commission's being weakened and the need to redefine its relations with the Council in the first instance (and also with Coreper). 'Criticism of the Commission's actions and questioning of its role [...] have been easier to engage in and have become more and more open since 1967 in the Council, Parliament and the European and international press.' Document quoted by Marie-Thérèse Bitsch in *Le développement de la Commission unique (1967–1972)*.
[17] The Werner Report outlined the establishment of the economic and monetary union in two main stages, spread over ten years (1971–1980), with as its final objective the irreversible convertibility of the currencies of Member States, complete liberation of movements of capital and the irrevocable pegging of exchange rates, and perhaps even the replacement of national currencies by a single currency. The first stage was described in detail and was supposed to start on 1 January 1971, lasting three years. Its aim was to secure an appropriate economic infrastructure, preparing the way for institutional progress. Guidelines for economic and monetary policy would gradually be decided jointly. Tighter controls would gradually be imposed on exchange relations between Community currencies and the overall margin for fluctuation between Member States contained within relatively stable limits. After taking stock of this initial stage and in keeping

with the prospects for feasible action, a second stage would start, perhaps after a transition phase. The second stage would see the continuation of action already under way, but with tighter controls, leading to an irrevocable pegging of the exchange rates between the various currencies and, ideally, to a single currency. To prepare for the final stage, a monetary solidarity mechanism should be established between the Member States, in the form of a European fund for monetary cooperation, under the authority of the governors of the central banks. A council tasked with determining the macro-economic policy of the Six would also be set up. At an institutional level the Werner Report recommended creating a 'centre of decision of economic policy [which would] be politically responsible to a European Parliament' and a 'Community system of central banks'. This institutional construction would involve substantial transfers of powers from the Member States to the European Community and would require a revision of the treaties. The plan also emphasised the need for both sides of industry to be consulted on every major monetary decision.

[18] 'Communication et propositions de la Commission au Conseil relatives à l'institution par étapes d'une union économique et monétaire de la Communauté' [Communication and proposals from the Commission to the Council on the establishment by stages of economic and monetary union], document COM(70)1250, 29 October 1970, in Official Journal of the European Communities, annex C 140 of 26 November 1970, supplement to bulletin 11/1970, Luxembourg, 11 November 1970, p. 1. (Document consulted on 10 October 2012.) See also: Telegram from the Italian Permanent Representation to the EEC to the Italian Foreign Ministry on the position of the EC Commission concerning the Werner Report (Brussels, 31 October 1970). Source: Foreign Ministry, Italian Diplomatic Historical Archives, Telegramma in arrivo, No 46099/31.10.1970, Vol. 34/1970 (Telegramma ordinario. In arrivo. Economia/Politica/Stampa.)

[19] Addressing the members of the Economic Affairs Committee of the European Parliament at a meeting on 28 and 29 September 1970, Raymond Barre was keen to explain that, in his opinion, neither the debate within the Werner Committee nor the result of its work should be considered as binding. He accordingly defined the plan by stages as '[…] a set of observations expressed by experts, who it should be said are considered to be independent experts. The Council and the Commission agreed on the chairmen of the committees because they are well versed in Community affairs, but they are sitting on the committee in a personal capacity and Werner is chairing the committee in a personal capacity and not as a member of the Council, for both the Council and the Commission have taken great care to ensure that the distribution of powers among the Community institutions is in no way affected by this matter.'

[20] This aspect was mentioned in item 15 of the Final Communiqué of the conference of Heads of State or Government held on 1–2 December 1969 in The Hague, which stated that the Heads of State or Government had 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'. In Bulletin of the European Communities. January 1970, No 1, p. 12, pp. 15–17. (Document consulted on 10 October 2012.)

[21] Among the subjects for which the Werner Report was thought to lack sufficient detail were the European capital market and various fiscal issues, to which the Commission and Raymond Barre in particular attached great importance. However the Commission was satisfied with the report's forecasts regarding the reduction of margins (the specific exchange rate mechanism for the first stage).

[22] Ibid., p. 3

[23] This refers to handwritten notes by Pierre Werner in preparation for the start of proceedings by the Werner Group. The document contains various comments on the Snoy, Schiller and first Barre plans (which Belgium, Germany and the Commission had presented at the meeting of Finance Ministers on 24 February 1970), which affected Werner's own position (which took the form of the Luxembourg Plan, presented on the same occasion). These notes, which may have been drafted between 25 February and 10 March 1970, also served as the basis for his inaugural speech when the Werner Committee started work. Pierre Werner family archives, ref. 047. (Document consulted on 10 October 2012.)

[24] 'Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community (Werner Report)', Luxembourg, 8 October 1970, Supplement to Bulletin 11/1970, Luxembourg, 11 November 1970, p. 27

[25] Ibid., p. 4

[26] Ibid.

[27] Economic Affairs Committee of the European Parliament. Meeting on 28–29 September 1970 in Brussels, statement by Raymond Barre. Tape 218. Transcription, p. 10, in the Pierre Werner family archives, ref. PW 048.

[28] Ibid., p. 5

[29] In keeping with this *sui generis* timetable, the first sitting would be held in February with the aim of taking stock of the economic policy deployed during the previous year and adapting policy for the current year to suit the prevailing economic climate. A second sitting was planned for June. Here the aim was to review policy for the current year and to define, within the framework of appropriate preliminary budgets, quantitative guidelines for public budgets for the following year, before the governments of Member States finalised their plans. These guidelines concerned the variations in the volume of budgets, the size of current account balances and the way the latter were financed or used. A third meeting was scheduled for October. On this occasion the Council, in response to a proposal by the Commission and after consulting the European Parliament, would draw up an annual report on the economic situation in the Community in order to set the guidelines with which each Member State must comply in its economic policy for the following year.

[30] The European Commission pointed out that, in order to ensure that the policies of the central banks remained consistent with these convergent guidelines at all times, it was essential that no decision or measure which departed from this line could be applied by a central bank without prior, compulsory consultation of the other central banks.

[31] In its meetings, which were to be held at regular intervals, the Committee of Governors of the Central Banks — taking

into account the economic policy guidelines set by the Council — would ensure that the central banks jointly agreed on measures for the conduct of monetary and credit policies. The key components of such measures would concern the level of interest rates, variations in banking liquidity and the allocation of credit to the public and private sectors.

[32] Article 236 of the Treaty establishing the European Economic Community (Part Six, General and Final Provisions) reads as follows: 'The Government of any Member State or the Commission may submit to the Council proposals for the revision of this Treaty. If the Council, after consulting the Assembly and, where appropriate, the Commission, expresses an opinion in favour of the calling of a conference of representatives of the Governments of Member States, such conference shall be convened by the President of the Council for the purpose of determining in common agreement the amendments to be made to this Treaty. Such amendments shall enter into force after being ratified by all Member States in accordance with their respective constitutional rules.'

[33] See Summary report of the 44th meeting of the Committee of Governors of the Central Banks, Basel, 8 November 1970, ECB. The Italian representatives on the Committee of Governors who spoke on this matter were Paolo Baffi, representative of Governor Guido Carli from the Banca d'Italia, and Rinaldo Ossola. (Document consulted on 10 October 2012.)

[34] Ibid., p. 4

[35] 'The trend of incomes in the various member countries will be studied and discussed at the Community level with the participation of the social partners.' 'Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community (Werner Report)', Luxembourg, 8 October 1970, Supplement to Bulletin 11/1970, Luxembourg, 11 November 1970, p. 12

[36] 'These transfers of responsibility represent a process of fundamental political significance which implies the progressive development of political cooperation.' Ibid., p. 12

[37] Ibid., p. 11