

A rereading of the Werner Report of 8 October 1970 in the light of the Pierre Werner family archives — Conclusion

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Conclusion ¹

As an economist and a lawyer, a politician and diplomat, a leading player in the building of a united Europe and, in particular, the process of monetary integration, a participant in shaping the Luxembourg of his day, a member of academic circles and an active player in economic networks both in Europe and on the other side of the Atlantic, Pierre Werner was a multi-faceted personality who bestrode the 20th century.

When he made his debut in Luxembourg politics in the early 1950s, Pierre Werner was associated from the very outset with the major issues relating to the building of Europe. The wrangling over the siting of the headquarters and the enshrinement of Luxembourg as one of the permanent capitals of the European institutions, ² the Luxembourg Compromise, the ‘Werner Plan’ — these are among the achievements to which the contribution he made was vital. Being a reserved and modest man by nature, he always played down his own efforts and his personal involvement in events. He would reveal more details in his memoirs, ³ published after he withdrew from public life, in which he touches on various aspects of his 40 years in Luxembourgish and international politics.

By exploring the archives that Pierre Werner started keeping in painstaking detail as early as the 1950s, and to which he went on adding throughout his life, we can shed new light on the history of European integration.

Stage one of the research focuses on the Werner Report, firstly because of the importance of this document for the history of building a united Europe, and, aside from the scholarly interest, the significance of the conclusions it reaches and their special resonance in the context of today’s economic and financial crisis. Secondly, there is the fact that the work of the Werner Committee was done in select committee format, in a confidential atmosphere, which meant that the alchemy which produced the Werner Plan, the state of mind people were in as it was written and when the political compromise over it was arrived at, are things which never emerge at all from the official records. ⁴ Lastly, the Werner family’s unpublished archives disclose fresh information about Pierre Werner’s personal involvement in, and contribution to, the work of the group of experts and the drafting of the plan by stages.

This digital research corpus, ⁵ organised around a very rich and varied collection of source material, ⁶ some previously unpublished, ⁷ also contains a detailed analytical study ⁸ which was produced by making intensive use of primary and related sources. This study, an integral part of the corpus, offers a genuine ‘rereading’ of the Werner Report, dealing with the background to it, the way the work was done and the effect the report had on progress towards Economic and Monetary Union. The study is published both in a full (simplified) version and in extended chapters, corresponding to the structure of the published resources. The chapters and sections and the analysis of the issues covered do not aim to be exhaustive.

The subject in question, the Werner Report, led us to examine the period 1968–1974, with a particular focus on the year 1970. But for reasons of consistency and historical context, the analysis also includes elements before and after the period in which the Werner Report was drafted (from 1945 to the present day).

A summary overview of all the work done will highlight the following results:

1. The study opens with an outline of the circumstances which led to the setting up of the Werner Committee, giving prominence to the Hague Summit and setting them against the background of the post-war international monetary context and the economic and monetary environment in the 1960s. This section ⁹ contains a very full collection of representative sources on these subjects, including the monetary plans put forward at the time by various countries and the Commission of the EC. The scholarly study documents the origins of Pierre Werner's monetary thinking from the end of the 1950s onwards, illustrated by a wealth of written material (speeches, studies, articles, press interviews, etc.). ¹⁰ The reader can thus gain an idea of the extent of the real passion Pierre Werner felt for the study of monetary developments, through the presentation of his ideas advocating the establishment of a European currency which would be common to begin with and then become a single currency (anticipating the Commission's proposals), ¹¹ and also through the exchanges he kept up over a long period with well-known economists (François Collin, Jacques Rueff and Robert Triffin) and activists for the European cause (Jean Monnet). This gives us a better understanding of how it was that his appointment as the head of the committee of experts was not just a matter of chance or a highly political choice but a considered act in favour of a man whose reputation for forging a consensus had come to light following the 'Luxembourg Compromise'. ¹²

2. It has been possible to piece together all the meetings of the Werner Committee in the order in which they occurred — the plenary sittings and the consultations of experts, including those which took place in the EC Commission's specialist committees — with the names of the participants, details of the subjects discussed and the main documents presented, ¹³ and a survey of the main schools of thought represented and the influence each of them exerted. ¹⁴

Through our research and by analysing unpublished sources, including eyewitness accounts filmed by the CVCE, we have been able to identify three different accounts of the appointment of Pierre Werner as chairman of the group. ¹⁵

3. Alongside Pierre Werner's work on the method to be followed and his efforts regarding the coordination of the group of experts went a major personal contribution to the substance of the plan by stages.

3.1. At the preliminary meeting, Pierre Werner acquainted his colleagues with the broad outlines of his approach to a plan which could lead to a single currency. He gave a comparative overview of the proposals put forward by the German, Belgian and Luxembourg Governments and the Commission, identifying the main stages they involved, with the areas of consensus and disagreement which had emerged, ¹⁶ including two vital points: the pooling of the reserves held by the Six and the establishment of a Community central bank.

3.2. On the substance of the report, Pierre Werner proposed a stage-by-stage method. ¹⁷ The Committee sided with this approach.

After taking on the key task of mediating to bring the differing points of view in the committee closer together and secure an agreement on the interim plan (22 May 1970), it was Pierre Werner who suggested the lines the work of the group of experts could follow as they proceeded further with their work, centring on six priority issues, including institutional aspects, effective instruments for the coordination of short-term policy and economic policy in the medium term, and

budgetary coordination instruments.¹⁸

3.3. Pierre Werner also worked to further the external dimension of EMU which the plan by stages entailed.¹⁹ One idea that kept coming up was the consolidation of the (future) monetary identity and solidarity of Europe by ensuring that the Six spoke with one voice in international financial organisations.

Pierre Werner was to involve himself directly in the writing of the English version of the report and its dissemination in academic and political circles in the English-speaking world, particularly in Britain, by means of lectures and the debates he held with the British Prime Minister, Edward Heath.

4. After looking in detail at the content of the interim Werner Report and the final report, we focused our attention on the leading role played by the Committee of Governors of the Central Banks, whose technical opinion was an integral part of the report.²⁰ Unpublished material in the archives has enabled us to demonstrate the close relations between Pierre Werner and the Belgian and French members of his group, which made a significant contribution to the content of the final report and to the securing of a consensus on this text.

As the ad hoc group went ahead with its work, Pierre Werner was particularly active in the Action Committee for the United States of Europe chaired by Jean Monnet. The public and private exchanges between the two men became very intense from May 1970, as soon as the outlines of the interim report began to emerge.²¹ They consulted each other a great deal on the subject of the networks of influence which needed to be tapped, especially in Germany and the Netherlands, as those were the two countries most reluctant to agree to a common position in the Council. Monnet was on good terms with Willy Brandt, using this relationship to good effect, and the approaches Baron Snoy et d'Oppuers from Belgium made to his Dutch colleague, Finance Minister Witteveen, also brought results.

The archives also indicate the confrontation between the economist-minded approach (represented by Germany and the Netherlands) and the monetarist approach (taken by France) which underlay the work of the group of experts, and which was to culminate in the principle that economic cooperation and the monetary coordination of the Member States should develop in parallel. As chairman of the ad hoc group, Pierre Werner adopted an objective stance and made a personal effort to secure this balanced final outcome, even though his beliefs had previously been closer to the monetarist than to the economist-minded position.²²

5. The Werner Report²³ offered a full definition of economic and monetary union. The ultimate aim was to achieve irreversible convertibility between the currencies of the Member States, the complete liberalisation of movements of capital and the irrevocable fixing of exchange rates, and even potentially the replacement of national currencies by a single currency. Monetary policy vis-à-vis the outside world would be a matter for the Community. Economic and monetary union was to be achieved in three stages over a period of ten years (1971–1980).²⁴ The end result would be the establishment of a Community of prosperity and growth. The report advocated the establishment of a 'centre of decision for economic policy' placed under the democratic control of the European Parliament (elected by universal suffrage) and a 'Community system for the central banks'. This new institutional architecture would require a revision of the treaties. To achieve this aim it would also be necessary to develop political cooperation. Economic

and monetary union would serve as a 'leaven' for the development of a political union which, ultimately, it would not be able to manage without. For the establishment of Community policies, it would be important to arrange regular consultation with both sides of industry (referred to as the 'social partners'). The plan by stages did have some weak points, firstly the fact that it was based on a regime of fixed parities, despite the fact that the first cracks were beginning to appear in the Bretton Woods system. The plan also remained relatively sketchy when it came to defining the second and third stages of EMU and the institutional architecture.²⁵

6. The reactions from the European institutions (Parliament, Council and Commission), the Member States, civil society and the media to the Werner Report²⁶ and to the Commission proposals which followed also received our attention. We were able to pinpoint how the Werner Report was received by European political and public circles, as well as a great many prominent figures, organisations (trade unions, universities, etc.) and even ordinary members of the public. Unpublished papers such as the letters from Jacques Rueff²⁷ and Willy Brandt²⁸ are an illustration of this.

7. The implementation of the Werner Report in the midst of European and international monetary upheavals and the effects of the global recession of 1973²⁹ are discussed in less detail, apart from the EMCF, with a demonstration of the range of sources to be found in Pierre Werner's private archives.

8. After the Werner Report was put on hold, several initiatives,³⁰ both political (such as the Spierenburg Plan, the Report by Lord Cromer's Group and the Tindemans Report) and scientific (the discussions around the idea of a 'parallel currency', the proposals from Professors Mundell and Magnifico and the 'All Saints' Day Manifesto') came about in the early 1980s.

Almost 30 years later, the report by the Delors Committee was to give the Werner Plan the credit due to it. In his memoirs, Jacques Delors wrote: '[In the report by the Delors Committee] ... we agreed on the three stages taken over from the Werner Report: stage one, devoted to enhancing coordination, from 1 July 1990; stage two, a transition stage on the way to the final stage, preparing the ground for what were ultimately to be the institutions for Economic and Monetary Union; and the last stage, at which the exchange rates between the currencies themselves and between them and the single currency would be laid down irrevocably.'³¹

In a recorded interview on the way the idea of a single currency evolved,³² Jacques Delors also said: 'It could be said that the overall philosophy behind what we proposed and even the structure of the Delors Report were very heavily influenced by the Werner Report ... The Delors Committee's report is a direct follow-on from the Werner Committee's report.'

¹ Unless otherwise indicated, the source of all the documents cited in this study is www.cvce.eu.

² The urban planning and development programme for the ‘European quarter’ on the Kirchberg was a major trump card in the country’s hand during the ‘battle for the seats’. In Luxembourg itself, Pierre Werner worked very hard to diversify the economy, especially focusing on consolidating its place as an international financial centre from the 1960s onwards, on nurturing the idea for a Luxembourg shipping flag, on developing the audiovisual sector and, in particular, on setting up the satellite project which led to the creation of the Société européenne des satellites (SES).

³ Werner, Pierre, *Itinéraires luxembourgeois et européens. Évolutions et souvenirs: 1945–1985*, Éditions Saint-Paul, Luxembourg, 1992, Volumes 1 and 2

⁴ We should remember that when it first started its work, the Werner Committee made it a rule not to produce minutes of the meetings where there had been serious arguments and major disagreements. For meetings where agreements had been reached, the minutes were concise.

⁵ See the introduction to the corpus (particularly point 2: ‘Digital research corpus on the Werner Report’), in which we set out our methodological approach.

⁶ In terms of primary sources, the corpus consists of some 650 documents, including multimedia research material (audiovisual records and images) from various archive collections, in particular the Pierre Werner family archives.

⁷ The Werner family’s unpublished archives relating to the plan by stages have been thoroughly consulted. Non-exhaustive research in other public and private archive collections, both in Luxembourg and internationally, have added to the variety of the sources presented here. The section containing historical eyewitness accounts recorded by the CVCE about Pierre Werner and the part he played in the establishment of Economic and Monetary Union contributes special added value and new material for the benefit of the research community.

⁸ The detailed scholarly study has the same title and the same structure as the corpus and forms an integral part of it. The study is published in a full version and in a section-by-section version with added material. Each section of the corpus can be taken independently and stands on its own in terms of both sources and explanations.

⁹ Chapter 1, ‘Context of the establishment of the Werner Committee’

¹⁰ Pierre Werner’s private papers contain detailed documentary files full of an astonishing wealth of material which he put together methodically and filed himself from 1952 onwards. They contain texts, mostly handwritten, on European monetary integration, with a great many articles, often with comments attached, from the Luxembourg, European and international press.

¹¹ Pierre Werner, who was at the cutting edge as far as the monetary integration of the Six was concerned, was the first to float certain proposals which were later put forward in the first Barre Plan (12 February 1969). As early as autumn 1967, for example, at a meeting of Finance Ministers, he suggested that there was a ‘need to review the margins for fluctuation between Europe’s currencies, to set up a support network to combat speculation and to unify units of account’. The Commission’s proposals were on the same lines as those Pierre Werner had put forward a month earlier in his ‘five-point action programme’ setting out a practical path towards European monetary integration and already making provision for the principle of prior consultation, later strengthened by a requirement of unanimity and measures to prevent any unilateral action. Solidarity in the BLEU and Benelux were also prominent points.

¹² The Luxembourg Prime Minister, who was already well-known for making a decisive contribution to the ‘Luxembourg Compromise’ in January 1966, was seen as a figure who could get the Community out of deadlock. What is more, Pierre Werner’s successful mediation on this European issue at a difficult moment fed into the idea of his possibly standing for the post of President of the EC Commission, but he turned it down, preferring to serve out his term as a member of his country’s Chamber of Deputies. This historical fact puts us in mind of the recent story, almost 40 years later, of another Luxembourg Prime Minister, Jean-Claude Juncker, who was to make the same choice.

¹³ See also Danescu, Elena Rodica, ‘[Summary of the Werner Committee’s schedule and the main issues addressed \(6 March 1970–22 March 1971\)](#)’. (Document consulted on 10 October 2012.)

¹⁴ Chapter 2, ‘The establishment of the Werner Committee and an account of its work (March–October 1970)’

¹⁵ Section 2.1, ‘Pierre Werner’s appointment as chairman of the committee of experts — three different accounts’

¹⁶ This was an approach which the Commission of the EC was to adopt in its entirety and which would then pervade all the studies and papers it supplied to the ad hoc committee.

¹⁷ It was actually the vision of the ‘[five-part Luxembourg plan for a monetary union](#)’ which Pierre Werner had presented on 26 January 1968 from the podium of the Europaforum in Saarbrücken, to which he had been invited alongside Jean Monnet and Walter Hallstein. His remarks had aroused interest and had been given a favourable reception in political and public circles in Europe. (Document consulted on 10 October 2012.)

¹⁸ On 29 May 1970, before a meeting of the Finance Ministers of the Six and then before the Council meeting in Luxembourg on 8 and 9 June, Pierre Werner spoke about the [interim report](#) on the plan by stages and went on to stress the need for further work. In the rough draft of his speech, which came to light in his archives, he touched on more detailed work arranged by subject along six priority lines, including institutional aspects, effective instruments for the coordination of short-term policy and economic policy in the medium term, and budgetary coordination instruments. On the subject of exchange rules, he stipulated specifically that there should ‘consultation with the governors of the central banks’. All these proposals were to appear in the Council decision on furthering the work of the group and eventually in the final report. Note, too, that, deeply imbued as he was with Luxembourg’s social market economy model, Pierre Werner, at the Council of 9 July 1970, was to propose ‘consulting both sides of industry on any important monetary decision’. The ‘Delors Report’ — the drafting of which was coordinated by a well-known promoter of a social Europe — would no longer contain this demand. (Document consulted on 10 October 2012.)

¹⁹ The private archives also show that in 1969 and 1970 Pierre Werner was in regular contact with the federal and political authorities in the United States and maintained good relations with financial circles on the other side of the Atlantic. The prominent presence of Luxembourg bankers in the United States, and his ties to the United States Ambassadors in Luxembourg, gave him many opportunities for gathering the information that interested him as chairman of the ad hoc committee. The annual meetings of the IMF, which he attended as governor for Luxembourg, and the many formal occasions associated with them were chances for the members of the Werner Committee and the Finance Ministers of the Six to have informal conversations with their American colleagues and other international officials and experts and thereby gauge their thoughts and comments on various aspects of the plan by stages. Pierre Werner's handwritten notes mention two meetings with the Managing Director of the IMF, whom he had already consulted on Europe's monetary identity, and several exchanges with the Chairman of the United States Federal Reserve Board, Mr Burns. The question of Europe often figured on the agenda of discussions.

²⁰ Chapter 3, 'The Werner Report'

²¹ Long before, but also during the drafting of the Werner Plan, Pierre Werner had many discussions with Jean Monnet, Jacques Rueff, Wilfried Baumgartner (who had been his teacher in Paris and whom he met subsequently as they carried out their respective official functions), Hermann Abs (a highly regarded German banker whom he had known since the start of his career) and Professor Robert Triffin. Pierre Werner also put these contacts to use at various stages in the consolidation and special development of Luxembourg as a financial centre. In the 1970s, as Finance Minister, Pierre Werner had set up an 'informal working party on the financial centre'. A large number of prominent Luxembourg and international figures took part in the discussions.

²² In view of some of his earlier writings, Pierre Werner had the convictions of a monetarist, and he had no hesitation in advancing this approach when he was Finance Minister as a way of safeguarding the vital interests of the Grand Duchy of Luxembourg, which were linked to the consolidation of its position as an international financial centre. But as the chairman of the committee of experts he acted with exemplary objectivity. To Pierre Werner's way of thinking, making decisive progress towards monetary union did not require any encroachment on the national sovereignty of the Community countries, since 'the history of confederations and federations amply shows that the last bastion of national sovereignty is not the currency, but taxes as the distributor of the national income'. (See [Statement by Mr Pierre Werner](#), Minister of State, Prime Minister of Luxembourg, at the conference of the 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.)

²³ Chapter 3, 'The Werner Report'

²⁴ The first stage was due to begin on 1 January 1971 and to take three years, the aim being to make sure that an appropriate economic infrastructure was in place to prepare the ground for progress in terms of institution-building. The second stage would be based on the economic and institutional developments in the first stage, leading in the third stage to the fixing of exchange rates and, ideally, the introduction of a single currency. (A strong preference was expressed for the adoption of a single currency rather than the maintenance of national currencies, even if a single currency was not seen as essential.)

²⁵ See Baer, Gunter D.; Padoa-Schioppa, Tommaso, 'The Werner Report Revisited', in *Collection of Papers*, Committee for the Study of Economic and Monetary Union, Luxembourg, April 1989, pp. 53–60.

²⁶ The title '[Werner Report](#)' is no mere journalistic trope but the actual subheading that the document carried at its first official presentation on 8 October 1970 and its submission to the Council and the Commission by the committee of experts. Later, in the version sent to the European Parliament, the Commission was to omit this subheading. (Document consulted on 10 October 2012.)

²⁷ [Letter from Jacques Rueff to Pierre Werner, 28 October 1970](#), containing the celebrated phrase 'L'Europe se fera par la monnaie ou ne se fera pas' [Europe will be united by currency or it will not be united at all]. This phrase was taken from an article published in 1950 in the journal *Synthèses* (Brussels, 4th year, No 45) and reproduced in the work *L'âge de l'inflation*, Éditions Payot, Paris, 1963, pp. 123–129. (Document consulted on 10 October 2012.)

²⁸ [Letter from Willy Brandt to Pierre Werner, 1 February 1970](#). (Document consulted on 10 October 2012.)

²⁹ Chapter 5, 'The implementation of the Werner Report'

³⁰ Chapter 6, 'The Werner Report and the pursuit of economic and monetary union in the 1980s'

³¹ Delors, Jacques, *Mémoires*, Éditions Plon, Paris, 2004, p. 338

³² Source: *Pierre Werner — testimonies at the threshold of the 21st century*. Transcription, extract from the documentary, European Commission, 1999