

## The Werner Report and the Delors Report

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## The Werner Report and the Delors Report <sup>1</sup>

The Werner Report, officially presented on 8 October 1970, <sup>2</sup> provided for the establishment of an economic and monetary union in three stages over a ten-year period (1971–1980). <sup>3</sup> The final objective was the irreversible convertibility of the Member States' currencies, 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 plan by stages drawn up by the Werner Committee recommended creating a 'centre of decision for economic policy' <sup>4</sup> that would be 'politically responsible to a European Parliament' (elected by universal suffrage), and a 'Community system for the central banks', with this institutional construction involving a revision of the treaties. As soon as it was set in motion, however, this plan ran into a series of crises one after the other, <sup>5</sup> culminating in its de facto suspension.

Although its implementation in practice in the 1970s was not a success, the report marked a crucial stage in the process of European integration. In the history of Europe as a monetary entity, there is a pre-Werner and a post-Werner period. 'Up until the time of the report, which is inextricably associated with the Hague Conference, the Member States still had a vision of an economic union, or at any rate a common market, which they thought could be achieved merely by resorting, where monetary affairs were concerned, to the coordination of their policies; from the time of the Hague Conference and the Werner Report onwards, they admitted that economic union could not be brought about unless monetary union were progressively established.' <sup>6</sup>

After it had been shelved because of the worsening international situation, the Werner Plan continued to be a source of inspiration for further thinking on the question of monetary integration in Europe and a stimulus to many political and scholarly initiatives which later came into being, <sup>7</sup> particularly the Delors Report. <sup>8</sup> This report will be the subject of a subsequent CVCE research corpus on Economic and Monetary Union. In the research corpus on the Werner Report, therefore, we have confined ourselves to compiling a full collection of sources on this matter.

A comparative analysis of the Werner Plan and the Delors Report is a special study in itself and is beyond the scope of this corpus. We now give the floor to these two personalities for a virtual dialogue. In a text he wrote in 1989, <sup>9</sup> Pierre Werner cast a comparative eye over the two plans by stages. Jacques Delors, <sup>10</sup> in a lecture he gave in 1992, then analysed the similarities and the differences between the two reports.

Virtual dialogue between Pierre Werner and Jacques Delors

### Pierre Werner

*'Zwischen dem Delors- und dem Werner-Bericht gibt es keinen grundsätzlichen Unterschied hinsichtlich der Doktrin und der Methode... Der Delors-Bericht zitiert öfters den Werner-Bericht hinsichtlich der Voraussetzungen einer vollwertigen Union, nämlich die vollständige und unwiderrufliche Konvertibilität der Währungen, die Beseitigung der Bandbreiten der Wechselkurse, die unwiderrufliche Festsetzung der Paritätsverhältnisse und die völlige Liberalisierung des Kapitalverkehrs.'*

[‘There is no fundamental difference between the Delors and Werner Reports as regards doctrine and method ... The Delors Report more often quotes the Werner Report as regards the prerequisites for a complete union, that is to say the full and irreversible convertibility of the currencies, the abolition of the margins of fluctuation between currencies, the irrevocable fixing of exchange rates and the complete liberalisation of capital movements.’] <sup>11</sup>

Jacques Delors

*‘On peut dire que la philosophie d’ensemble de ce que nous avons proposé et même l’architecture du rapport Delors s’inspirent très fortement du rapport Werner... Le rapport du comité Delors s’inscrit dans le droit fil du rapport du comité Werner.’*

[‘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.’] <sup>12</sup>

*‘[Dans le rapport du comité Delors]... nous nous sommes mis d’accord sur les trois phases, reprises du rapport Werner: première phase, consacrée au renforcement de la coordination, à partir du 1<sup>er</sup> juillet 1990; deuxième phase de transition vers la phase finale, préparant les institutions définitives de l’Union économique et monétaire; phase finale où seraient fixés irrévocablement les taux de change des monnaies entre elles et avec la monnaie unique.’*

[‘[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.’] <sup>13</sup>

<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 section 3, 'The Werner Report'.

<sup>3</sup> Stage one, which was to begin on 1 January 1971 and last for three years, was designed to ensure that the economic infrastructure was appropriate and capable of preparing the ground for progress on the institutional front. Stage two would build on the economic and institutional developments in stage one, leading, in stage three, to the pegging of exchange rates and, ideally, a single currency. (A firm preference was expressed for the adoption of a single currency rather than keeping the national currencies, though a single currency was not seen as vital.)

<sup>4</sup> As regards economic policy, the [Werner Report](#) set out a rather broad vision, recommending the setting up of a decision-making centre for short-term economic policy (interest rates, reserve management, exchange-rate parity, etc.) and for economic policy coordination, especially with respect to budgets and deficit financing arrangements. It also asserted the need to harmonise national tax laws and to focus on the Community's structural and regional policies.

<sup>5</sup> This succession of crises included the monetary crisis in 1971 (non-convertibility of the US dollar), the first oil crisis in 1973, the iron and steel crisis in 1974, the economic crisis in 1975 and the second oil crisis in 1979. See section 5, entitled 'The implementation of the Werner Report'.

<sup>6</sup> Ansiaux, Baron Hubert; Dessaert, Michel, *Dossier pour l'histoire de l'Europe monétaire 1958–1973*, Vander, Leuven, 1975, p. 1

<sup>7</sup> See subsection 6.1, 'Plans and studies drawn up after the Werner Report'.

<sup>8</sup> '[Report on economic and monetary union in the European Community \(the Delors Report\)](#)'. Committee for the Study of Economic and Monetary Union. Jacques Delors, chairman. Presented April 17, 1989. (Document consulted on 10 October 2012.)

The European Council and the Hanover summit (27 and 28 April 1988) decided to give a committee of experts chaired by Jacques Delors the task of studying and making proposals for the practical stages leading to economic and monetary union (EMU). It was Jacques Delors himself who suggested that this special committee responsible for looking into monetary union should consist of the governors of the central banks, who were more independent than the governments, rather than the finance ministers who already constituted the Council for Economic and Financial Affairs of the Community (Ecofin), and some of whom were manifestly hostile to the project. Following lively discussion, the President of the German Bundesbank gave the project his support, though with the proviso that the future European Central Bank (ECB) should be independent. The [Delors Report](#), having been approved by the Commission, was presented on 12 April 1989 and adopted the definition of economic and monetary union already set out in the Werner Report in 1970. Three clauses were inserted: full and irreversible convertibility of currencies, complete liberalisation of capital movements and the setting of fixed exchange rates between the European currencies. For the achievement of EMU through the harmonisation of fiscal and budgetary policies, the Delors Report proposed a process in three stages. Stage one was the culmination of the single market through the sustained coordination of economic policies and monetary cooperation and the approval of all the currencies for inclusion in the exchange mechanism of the European Monetary System (EMS). During this stage, an EMU treaty must be negotiated and ratified. The task for stage two would be to set up a European System of Central Banks (ESCB). The final stage would see the transfer of certain economic and monetary powers to the European Union institutions and the irrevocable switch-over to fixed exchange rates and, if possible, a single currency to replace the national currencies. The Delors Plan therefore defined the steps to be taken to set up EMU and the transfers of sovereignty which it entailed. However, it set neither a timetable nor deadlines, which were to be determined as matters of policy by the Member States. The report from the Delors Committee was submitted to the European Council held in Madrid on 26 and 27 June 1989. The committee's work was unanimously approved by the 12 Member States. Source: '[Le rapport du comité Delors: Trois étapes pour faire l'union économique et monétaire européenne](#)' ['Report by the Delors Committee: Three stages to establish European economic and monetary union'], from *Le Monde* (18 April 1989). (Document consulted on 10 October 2012.)

<sup>9</sup> Werner, Pierre, *L'Union économique et monétaire d'un rapport à l'autre*, September 1989, the Pierre Werner family archives

<sup>10</sup> Delors, Jacques, *Monetary Cooperation in the Building of Europe. The 1992 Jean Monnet Lecture*, The European Institute, London School of Economics (LSE), London, 1992. See also: CLAVERT, Frédéric. *Plan Werner et plan Delors: les non-dits d'une comparaison*. Source: [www.clavert.net](http://www.clavert.net). (Document consulted on 8 March 2013.)

<sup>11</sup> Werner, Pierre, 'Der Werner-Bericht und der Delors-Bericht zur Europäischen Wirtschafts- und Währungsunion im Vergleich', in *Die Europäische Zentralbank*, Otmar Franz, Europa Union Verlag, Bonn, 1990, pp. 175–178

<sup>12</sup> Delors, Jacques, in *Pierre Werner — testimonies at the threshold of the 21st century*. Documentary film, European Commission, 1999

<sup>13</sup> Delors, Jacques, *Mémoires*, Éditions Plon, Paris, 2004, p. 338