

Reactions to the Werner Plan

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Reactions to the Werner Plan

On 29 October 1970, the Commission expressed its overall support for the proposals set out in the Werner report. However, well aware that some countries had reservations about some federalist overtones in the Plan, the Commission proposed to limit the transfer of national powers to only what was strictly necessary for the Community to act effectively. The Commission then submitted to the Council a draft resolution and two draft decisions on the implementation of the first stage of monetary union, from 1971 to 1973, by means of greater coordination of economic policies and enhanced cooperation amongst the Community's central banks.

Although France's partners were largely supportive of the supranational aspects of the Werner Plan, the French President, Georges Pompidou, was categorically opposed thereto. Although he backed monetary cooperation, he maintained that it should be pursued only at the level of intergovernmental cooperation. As a result, France refused to approve the Plan. At the December 1970 meeting of the Council of Foreign and Finance Ministers, the French representatives rejected the possibility of a compromise. They even opposed the Commission's revised Plan, in which the project to set up a decision-making centre for economic policy had been scrapped.

The German and French monetary and economic policy theories, which had already caused disagreements in the group of experts, appeared irreconcilable. The German Chancellor, Willy Brandt, kept to the German vision of a *crowning achievement*, whereby monetary union would be the final stage of the economic integration process. France, however, rejected the idea of any new institutions being created and was determined to retain control over its national currency.

Bonn did not want to sacrifice the German mark, the most stable currency in the Community, for the policy of some of its partners which it deemed too lax. More than anything else, West Germany feared a new bout of inflation.

In the event, the Council took an important political step when it adopted, on 22 March 1971, the Commission's suggestions that economic and monetary union be gradually completed over a ten-year period.