The Delors Report

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Jacques Delors had suggested that the Special Committee on Monetary Union should not consist of the Finance Ministers from the Community's Ecofin Council, some of whom were hostile to the Plan, but of the governors of the central banks, who were more or less independent of governments. After lively discussions, the President of the Bundesbank endorsed the Plan, on condition that the future European Central Bank would be independent.

The Delors Report, approved by the Commission, was submitted on 12 April 1989. It took up the definition of Economic and Monetary Union that had already been set out in the Werner Report in 1970. Three conditions had to be fulfilled: full and irreversible convertibility of currencies, the establishment of the free movement of capital, irrevocably fixed exchange rates between European currencies and, finally, the adoption of a single currency. This would have numerous advantages: it would facilitate the movement of persons and trade by removing currency exchange costs and eliminating exchange risks, in this way favouring investment and economic growth. In order to achieve monetary union, a certain degree of common economic policy would be necessary. The implementation of the Single Market already entailed some unification of structural and regional policies. It was crucial, however, to tackle the problem of the harmonisation of fiscal and budgetary policies, in respect of which binding standards would have to be laid down.

The Delors Report outlined three stages for the achievement of Economic and Monetary Union. The first stage — which required no revision of the Treaties and might be successfully carried out by the existing institutions — involved the completion of the Single Market, closer coordination of economic policy and cooperation in monetary matters, and participation of all the currencies in the Exchange Rate Mechanism of the EMS. During this stage, a Treaty on Economic and Monetary Union would have to be negotiated and ratified. At this point, the second stage would come into play, with the implementation of a new European system of central banks, which would coexist with the national monetary authorities, and with a federal monetary institute which would pave the way for joint decision-making. After the final stage, economic authority could be handed over to the Union institutions, and the transition could be made to irrevocably fixed exchange rate parities and, if possible, to a single currency which would replace national currencies.

The Report thus clearly set out the measures required for the establishment of Economic and Monetary Union, as well as for the transfer of sovereignty which such measures entailed. Nevertheless, it did not specify a timeframe, nor binding deadlines, which were a matter for the political will of the Member States.