

## Reactions to the Werner Report

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## Reactions to the Werner Report <sup>1</sup>

The work of the Werner Committee prompted a far-reaching wave of interest and creative enthusiasm, which gathered momentum after the final report was published.

The European Community institutions (the Parliament, Commission and Council) and the political authorities in the Member States gradually responded, first to the interim report and then to the final report. Business associations and trade unions, as well as ordinary citizens, joined activists campaigning for European integration to voice their views. <sup>2</sup> Deeply concerned by economic and monetary union, with the sense of being both players in and witnesses to its construction, the various organisations and individuals fuelled the debate with their views and public statements, addressing in different ways the various aspects of the Werner Report and the Commission's proposals. The media reported on these various responses and views, doing their best to inform their readers and to explain the key concepts and significance of the plan by stages. Academics in European and American universities also devoted their attention to the work of the Werner Group. <sup>3</sup>

To clarify one persistent terminological quibble relating to the term 'Werner Report', there were in fact two separate documents, from different sources (the report by the ad hoc committee and the Commission document), and also two separate forms of the plan by stages (the interim version and the final version). All these documents bore the same name.

The real Werner Report, published on 8 October 1970, was drawn up by the ad hoc group set up following the Hague Summit and led by the Prime Minister of Luxembourg, from whom it took its name. Its brief was to debate the ways and means of achieving economic and monetary union. The other report was the document which the Commission of the European Communities set before Council three weeks later, on 29 October, but which substantially toned down — and sometimes even contradicted — the ideas on which it was based. The genuine Werner Report was favourably received in the most diverse quarters. Its name became a media buzzword, gaining universal currency. This positive perception was naturally transferred to the Commission document, and the Commission used and took advantage of this misconception, which it helped maintain. Debates in the European Parliament and discussions by the Council attest to this confusion. <sup>4</sup> Two other circumstances added depth to this misleading situation. The first was that during debates in the European Parliament, both the interim and the final report were referred to as the Werner Plan or Werner Report. Secondly, the Commission document hinged on the interim report, which had been through the full Community vetting process. But its conclusions, which were relatively superficial or even different from those in the final report (given that the group's work was still under way), were certainly closer to a consensus view and less politically daring than those set forth in the final version.

Academics in European and American universities displayed an interest in the work of the Werner Group, particularly as the practical solutions it suggested were backed by theoretical definitions on economic and monetary union. For example, at a seminar on the optimum currency area in Madrid at the beginning of February 1970, the academics participating in the event, particularly those from the United States, asked the representative of the Commission for details on the various plans by stages for achieving economic and monetary union, and for the relevant documents. More than 12 requests were filed, but only those of Professors Triffin and Machlup <sup>5</sup> were successful. The Commission <sup>6</sup> subsequently fulfilled other requests.

<sup>1</sup> The resources collected and the issues covered in this chapter do not claim to be exhaustive. We have chosen to focus on the Pierre Werner family archives and on other relevant sources from our exploration of institutional archives.

<sup>2</sup> See subsection 2.2, 'The work of the Werner Committee'.

<sup>3</sup> Ibid.

<sup>4</sup> See subsections 4.1, 'Reactions in the European Parliament', and 4.3, 'Reactions in the Council'.

<sup>5</sup> Fritz Machlup (1902–1983) was an Austrian economist who played an important part in developing the science of economics (methodology, theory and politics). A student of Friedrich von Wieser and Ludwig von Mises, he presented his doctorate thesis on *Die Goldkernwahrung (The Gold Exchange Standard)* in 1925. While an academic in Austria, Machlup published a work in 1927 on the adoption of the gold standard in Europe. In 1931 he published two major articles on the effects of German war reparations and another on the stock market and capital formation. He was awarded a Rockefeller scholarship and moved to the United States where he taught at Harvard, Columbia and Stanford. Initially he focused on industrial economics, subsequently moving on to international monetary economics. In 1963 he formed the Bellagio Group of academics to study this problem, achieve an academic consensus and suggest practical solutions. His success in this undertaking and his publications (books and papers on the international currency crisis and possible solutions) attracted the attention of governments and the heads of central banks. Robert Triffin hailed him as 'the unquestioned intellectual leader and mentor of our vain efforts to reform the crumbling international monetary system'. The Nobel Committee cited his name on several occasions but he never actually received the coveted prize.

<sup>6</sup> As shown from our detailed research in the Historical Archives of the EEC Commission (Brussels) and the Pierre Werner family archives, ref. PW 048, case entitled 'Intégration monétaire de l'Europe. Le Plan Werner: 1970' [Monetary integration of Europe. The Werner Plan: 1970].