

# Reactions in the Economic and Social Committee and in professional, trade union and civic organisations

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## Reactions in the Economic and Social Committee and in professional, trade union and civic organisations <sup>1</sup>

There were several reactions to the official presentation of the Werner Committee's final report, not just from proponents of and activists for a united Europe but also from economic and business circles, professional associations and trade unions. Ordinary citizens also reacted to the publication of the report. <sup>2</sup> The European and international media (particularly the press, radio and television) reported the event and contributed to the explosion of interest. <sup>3</sup> The type of discussion in those outlets differed, involving political reactions, technical opinions or even specific proposals, as well as displays of commitment to the European cause on the part of ordinary citizens. The efforts by the press to inform the general public meant that they became increasingly aware of the active part they were destined to play in the building of a 'community of stability and growth', grounded in shared aspirations and freedoms <sup>4</sup> and with a special identity vis-à-vis the outside world. A common, or indeed single, currency, shared social ideals and the prospect of direct involvement in the exercise of democratic control over this community <sup>5</sup> all helped shape a growing feeling of belonging to a Europe with an emerging identity of its own. <sup>6</sup>

### Reactions in the Economic and Social Committee

As prior consultation of the two sides of industry, referred to as the 'social partners', <sup>7</sup> on 'the broad outlines of economic policy [...] and quantitative guidelines for the principal elements [...] of the public budgets' was among the recommendations in the Werner Report, the President of the Council of the EC forwarded the report, for information purposes, as early as 21 October 1971, <sup>8</sup> to the Economic and Social Committee (ESC). <sup>9</sup> The Commission's proposals regarding the plan by stages <sup>10</sup> were then sent to the ESC, again for information purposes. The ESC, which had already embarked on an analysis of the Werner Report, extended its debates to cover the second document and decided to react by issuing an information report, <sup>11</sup> to which it devoted several discussion sessions. <sup>12</sup> Some months later, the programme for the establishment of economic and monetary union adopted by the Council consolidated the active part played by the ESC in this process, with its contribution being expressly mentioned as a channel for consulting the two sides of industry. <sup>13</sup>

The ESC's analysis stands out as focusing mainly on the Werner Report, which it saw as containing '[...] all the precepts needed to enable an economic and monetary union to be established in the course of the present decade'. The proposals from the Commission ('which wanted to provoke the Member States into taking a political decision' <sup>14</sup>) were then incorporated into the analysis, thereby giving rise to a series of observations and comments on certain major aspects which were deemed to have been consigned to the shadows, not to say overlooked in terms of practical action. The ESC line was that the progress made in building an integrated Europe needed to be continued by 'the establishment, without delay, of an economic and monetary union, [without which] the benefits already secured in the area of the customs union and certain common policies could soon be called into question'. <sup>15</sup>

Economic and monetary union represented an intrinsic alteration in the exercise of building a united Europe and brought with it a need to evolve in the direction of a political union as well. The principle of achieving progress in parallel in different fields, which was what constituted the thrust of the proposals in the Werner Report, was a guarantee of movement in that direction. <sup>16</sup> '[But] it depends basically on action and constant vigilance on the part of

governments to ensure that that balance is respected in the adoption and implementation of the specific measures.’<sup>17</sup> Discussions within the ESC highlighted the fact that the suggestions in the Werner Report, and still more those put forward by the Commission, took no account of the need for striking a balance between the various processes.<sup>18</sup> There were even some who felt that this imbalance ran counter to the communiqué from the Hague Conference. If a balance were not achieved, the options open in terms of parallel development or the priorities to be given to this or that aspect of economic and monetary union would remain purely theoretical. Care should therefore be taken to ensure that there was symmetry between the progress envisaged in the monetary and social fields, where the momentum would be slower, and progress on economic and institutional questions. Economic and monetary unification necessarily entailed a gradual transfer of powers from national authorities to the Community institutions. The degree of progress that could be made towards the final stage would depend on the extent of the powers they were given and the practicalities of how they functioned, particularly in terms of voting procedures. Such a transfer meant that there needed to be developments in terms of democratic control over the Community’s institutions. The Commission was seen as the ‘central driving force behind the decisions which must be taken by majority vote’.

Satisfactory industrial relations proved to be a basic condition of success. The stakes in economic and monetary union were high, and it was obvious that without support from the general public and the representatives of organised civil society, including the two sides of industry, it could not take shape. The ESC therefore committed itself to urging management and labour to become involved in the building of economic and monetary union and to organising their involvement.<sup>19</sup> A preliminary set of guidelines recommended the holding of a wide-ranging consultation of economic and social interests on the planned changes. The framework and scope of such a procedure were still to be defined, in particular to make sure that the representatives of all shades of economic and social opinion were involved, in the most appropriate way, in a free-flowing process. Discussions within the Committee showed that implementing stage one of economic and monetary union inevitably accentuated the liberal trend in industrial policies because they gave a preponderant role to monetary aspects.<sup>20</sup> The economic policies pursued by the Community and the Member States were closely linked and, indeed, freed from democratic trade union pressure.<sup>21</sup> The ESC considered, too, that it was imperative for it to be asked to give its opinion officially on the annual report on the economic situation in the Community.<sup>22</sup>

The ESC regarded the decade from 1970 to 1980 as the maximum time limit for the setting up of an economic and monetary union. The process had to be run to a ‘realisation timetable’ with deadlines so that measures in different fields could be coordinated and forward plans drawn up by governments and the private sector could be harmonised. For the transition to the next stage, analysis of progress made and steps to be taken was vital. The Commission was therefore urged to submit its proposals to the Council well before 1 May 1973. Against this background, there was a warm welcome for the precise way in which the three-year first stage was charted, even though there was criticism of the way the monetary field to a certain extent took precedence over recommendations in the economic and institutional areas. Stage one also included regional and structural measures. As regards the economic aspects, the ESC pointed to the lack of progress planned for stage one in the areas of regional policy and structural policies (social policy, aid policy, energy policy and transport policy);<sup>23</sup> not until stage two, whose outlines had barely been traced, were there to be any common directives such as might produce parallel development in these various sectors.

The ESC hailed the aspirations to a monetary identity in the Community. Economic union required a common monetary arrangement and the monetary individualisation of the Community was seen as an ambitious but valid aim of the Werner Report. The specific measures proposed involved shrinking the margins for fluctuation between the Member States' currencies,<sup>24</sup> setting up a Community system of central banks, conducting research into a European monetary cooperation fund and defining overall guidelines for monetary and credit policy. As regards narrowing the margins for fluctuation, the ESC considered that no substantial results should be expected until the exchange rates between the partner currencies were fixed for good. It was essential that there was progress on coordinating economic, fiscal and financial policies at the same time. In addition to monetary cooperation within the Community, the idea of cooperation with the outside world emerged (this had to go hand in hand with the establishment of a common trade policy towards non-Community countries). For that purpose, the European Monetary Cooperation Fund would, according to the ESC, have a substantial role to play. '[...] The existence of a common position on monetary questions will only be recognised by the outside world when a body acting as both a decision-making centre and a reserve fund for the Member States is set up. [...] The cautious proposal on this question contained in the Werner Report is the only one which, in the present circumstances, has succeeded in bringing about unanimity.' The ESC recommended that the preparatory work be done as quickly as possible and the fund set up as soon as possible. At the same time, the central banks were expected to tighten the links between them in order to prepare for the setting up of the next stage, in which they would be required to act together to forge a common policy.

Considering that all these developments were taking place against the background of the widening of the Community, the Committee considered it necessary that candidate countries be informed of the progress relating to the building of economic and monetary union. In that way, new arrivals would, when the time came, be able to combine their efforts towards this shared exercise more quickly.

By conducting a comparative analysis of the Werner Report and the Commission's proposals as it did, the ESC threw light on the inescapable differences between the two documents, owing to their different character. The first was the outcome of a process of reflection; the second was the legal formalisation of a number of suggestions which had emerged from that process of reflection, in the form of a resolution and two draft decisions by the Council.<sup>25</sup> The Committee observed, however, that 'the Commission's proposals lag behind those made by the Werner Group. [...] It is regrettable that the Commission has not stuck more closely to the Werner Group's proposals, especially as regards the institutional aspects and the political objectives.'<sup>26</sup>

### **Reactions in professional, trade union and civic organisations**

There was interest in the publication of the Werner Report and the Commission's proposals from professional associations, trade unions and, sometimes, ordinary members of the public. They were increasingly concerned by economic and monetary union, which they had a part to play in building as well as being onlookers, and they contributed to the debate through their public statements of position and comments.<sup>27</sup>

The European associations representing finance professionals were the first to react. Their remarks, addressed to the General Secretariat of the Council of the EC, were directed at

specific aspects of their field of work and were very technical. The Savings Banks Group of the European Economic Community,<sup>28</sup> in agreement with the European Banking Federation, reacted initially with a paper on the fiscal supplement to the plan by stages.<sup>29</sup> It then looked at the final Werner Report and the Commission proposals, adopting a comparative approach which was in fact characteristic of many of the reactions at the time.

After highlighting the work of the Werner Committee in studying the issues and praising the considerable support given by the Committee of Governors of the Central Banks, the association said it was sorry the practical measures put forward by the Commission fell short of the recommendations in the Werner Report. '[...] Some fundamental problems [have] not been been addressed in the [Commission's] resolution and the content of the decisions proposed sometimes departs from the thinking contained in the Werner Report. [...] These departures cannot all be approved [without further debate].'<sup>30</sup> The bankers expressed their disappointment at the lack of results from the Council meeting of 14 December 1970, though they considered that in the interests of economic and monetary union itself, 'rather than go for a hasty compromise [it is preferable to take] clear-cut, properly thought-out decisions later'.<sup>31</sup> Setting up economic and monetary union was a highly significant step politically. Consequently, transferring the requisite powers and democratic control over them to the Community called, before stage one was put into effect, for a clear resolve on the part of the Member States to end up with a political union as a matter of necessity. On the substantive issue, institutional changes were hailed but were seen as not being given adequate consideration by the committee and in the Werner Report.<sup>32</sup> The mere proposal to establish two decision-making centres,<sup>33</sup> without a detailed description of their structures and machinery or their links to existing bodies (the Council of Ministers and the European Commission), seemed inadequate. On the other hand, in recommending that the decision-making centre for economic policy, but not that for monetary policy, should be politically answerable to the European Parliament, the Werner Report showed respect for central bank independence. The Commission took a different line, and the group criticised it. In its proposal for a decision on strengthening cooperation between central banks, the Commission left it up to governments to define the guidelines for liquidity, credit and interest-rate policy, 'having regard to the guidelines on general economic policy laid down by the Council'.<sup>34</sup> But this called into question the independence of the central banks and their future common body.

As far as the economic objectives were concerned, the Werner Report proposed making the Community into a 'stability bloc', while the Commission seemed in its proposals to be shifting the stress here by mentioning stability only in third place, after growth and employment. The bankers thought it essential for the decisions on economic and monetary union to include a clearer obligation to fight for stability, particularly stability in monetary value. In the same vein, they supported the principle of working out a common attitude for the Six in international financial institutions. Efforts to make their currencies progressively more independent of the US dollar were seen as equally important.

The Union of Industries of the European Community (UNICE) reacted on 2 December 1970.<sup>35</sup> In its statement of views, it reviewed the key points defined in the Werner Report.<sup>36</sup> The industries welcomed the recommendations, particularly those relating to consulting employers and labour before putting a Community policy into effect.

UNICE warned that looking for solutions to sensitive institutional problems could delay the rapid, energetic achievement of economic and monetary union. It also stressed the 'importance of working in parallel on harmonising economic policy and achieving closer

monetary cooperation, as progress in either field could only boost progress in the other and vice versa.’<sup>37</sup>

The various stages of economic and monetary union would have to be designed in such a way that they were dependent on each other. In stage one, effective steps would have to be taken to take control of the short-term economic realities while being aware of the repercussions the measures adopted by each Member State could have on economic developments in the other partner countries. The industrialists also thought that a formal commitment by mutual agreement on the economic policy objectives was even more important than joint consultation on the use of short-term economic policy instruments. Compatible development of the partners<sup>38</sup> would be a way of avoiding differences in price levels, followed by external imbalances which would inevitably lead to protectionist measures or changes to exchange rates. To bring such compatibility about, it would be necessary to coordinate policies to regulate overall demand and introduce a Community policy of structural and regional adjustment. Key guidelines with regard to liquidity, credit to the public and private sectors and the policy on interest rates must be defined jointly. Joint efforts would also have to be made to set up a European monetary and financial market and to define budgetary and regional policies.

UNICE was in favour of setting up a European Monetary Cooperation Fund<sup>39</sup> as recommended by the Werner Report, and only regretted that the Commission was still not putting forward any specific proposals as to when the Fund should be set up. There was a vital role for such a mechanism. Firstly, the Fund could be ‘the basis for an institution to carry out a Community monetary and financial policy towards non-member countries, as part of international monetary cooperation.’ Secondly, the Fund would be the basis of a Community policy of mutual intervention. The industrialists proposed that once they had been defined, the short-term monetary support and medium-term financial assistance mechanisms should be brought into effect by the Fund. The adoption of a common policy towards the outside world would be vitally important as it would attach figures to the Fund’s opportunities for taking action. UNICE recommended, lastly, that any shrinking of the margins for the exchange rates between the Member States’ currencies should go hand in hand with parallel progress in the harmonisation of economic policies.

Although they had been playing an active part in the debate on economic and monetary union from the outset,<sup>40</sup> the trade unions<sup>41</sup> reacted more strongly after the publication of the final Werner Report and the Commission proposals.<sup>42</sup> A few days before the Council of Ministers meeting which was to take a decision on launching stage one of economic and monetary union, the European Confederation of Free Trade Unions in the Community (ECFTU)<sup>43</sup> expressed its concern. ‘[We] note that the practical proposals for setting up an economic and monetary union do not provide adequate guarantees as regards the exercise of democratic control at the level at which decisions directly affecting the living and working conditions of the peoples of the six Community countries will be taken in future. In particular, it is likely that workers and their representatives will no longer enjoy, at the Community level, the rights and guarantees secured at the national level.’<sup>44</sup> The granting of powers in the economic, fiscal and budgetary fields to the Community institutions must be followed by a strengthening of democratic control: a widening of the European Parliament’s powers and its election by universal suffrage had become essential conditions.<sup>45</sup> A social policy needed to be established and implementing measures must be adopted simultaneously with the economic and monetary measures. The quest for stability would lead to the introduction of a deflationary policy which would ultimately result in wage and salary cuts. Such an ‘incomes policy’ would be



unacceptable. According to the ECFTU, Economic and Monetary Union should therefore be built around several major priorities: social progress through economic expansion, full employment against a background of harmonious regional development and a fair share-out of national income.

The European Organisation of the World Confederation of Labour met in Brussels on 16 December 1970. The discussions centred on economic and monetary union and questions relating to employment.<sup>46</sup> The outcome was two motions which were at once forwarded to the President of the Council of Ministers.<sup>47</sup> The organisation did not propose to comment on the substance of the Commission's proposals, 'but was anxious to stress the advantages to the development of the Community of carrying out the ideas in the Werner Plan.'<sup>48</sup> Without hiding its disappointment at the failure of the Council meeting of 14 December, the organisation warned against the risk of departing from the aims set out in the Hague Declaration and strongly urged the Council to come to an agreement quickly. The Community bodies must be given real powers, under the democratic control of the European Parliament and in consultation with the European organisations representing workers and employers. The establishment of economic and monetary union raised, in an acute form, the question of political union, which would entail a revision of the current treaty at some point in the future. Public opinion expected economic and monetary union to bring rapid, practical results in the area of social policy. The Council was therefore invited to decide, as soon as possible and in specific detail, on the measures which had to be taken in stage one of such a union.

Militants for the European cause, whose active but discreet involvement backed up the work of the ad hoc group and helped create a consensus around the Werner Report,<sup>49</sup> once again stated their support for economic and monetary union. For example, the European League for Economic Cooperation<sup>50</sup> instructed its monetary panel to consider the Werner Report and the Commission's proposals and adopted a motion on that basis.<sup>51</sup>

This document emphasised that 'the work of the Werner Group and the report it has produced are, without any doubt, an important and, very probably, decisive contribution to the economic and monetary integration of the Community'.<sup>52</sup> It noted that the arguments and conclusions of the group of experts were very close to ELEC's proposals, and stressed the importance of the measures to be adopted in various areas going forward in parallel and complementing each other, while urging the Member States to espouse the political determination to move ahead in order to carry this irreversible process through to completion. Stage one of economic and monetary union, 'for which the Werner Group has put forward practical proposals [which] have been virtually ratified in the package formed by the communication and the draft resolutions submitted by the Commission to the Council', was particularly important. Its establishment from 1 January 1971 onwards was a demonstration of the political determination mentioned above. Following on from that, the stages envisaged by the Werner Group had to be embarked on in succession in the ten-year period assigned for the task. ELEC called for an intergovernmental conference, before stage one, to decide on the institutional reforms required for the establishment of full economic and monetary union.

The issues surrounding economic and monetary union also sparked off reactions from ordinary members of the public, who seemed keen to give their views and spontaneously sent in their ideas, proposals and suggestions on the subject. The Pierre Werner family archives and, in particular, the Historical Archives of the Commission contain a number of letters and telegrams which citizens from the Member States, and also from Austria, Switzerland and the United States, sent to the Werner Group, the Council and the Commission to give their

opinions on economic and monetary union. For example, in a letter of 18 November 1970 to the Council of Ministers (No 103791/18 November 1970), Ferdinand Lindebauer of Salzburg proposed making a start on economic and monetary union with the monetary aspect and, as soon as Europe had defined its own identity (through a common, or indeed single, currency for the partners), going on to tackle a monetary union between Europe and the United States. Another example is the letter which Haller Belt, an American economist, sent to Pierre-Paul Schweitzer, Executive Director of the IMF (a French citizen and therefore European) on 31 January 1971 to say how he saw the matter of bringing the inflationary tendency under control in Europe. He made the same points to the Commission of the EC (letter of 11 February 1971), urging it, when setting up economic and monetary union, to make provision for 'the re-establishment of the international gold standard between the Member States by 1 January 1971'.



<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> This conclusion is the outcome of our researches into the Pierre Werner family archives, particularly as regards the papers in the cases bearing ref. PW 047, entitled ‘Antécédents, préparatifs et réunions 1968–1970’ [Werner Group: Antecedents, preparations and meetings 1968–1970], and ref. PW 048, entitled ‘Intégration monétaire de l’Europe. Le Plan Werner: 1970’ [Monetary integration of Europe. The Werner Plan: 1970], and in the collections held in the Historical Archives of the Council of the EC and those of the Commission of the EC.

<sup>3</sup> See section 4.6, ‘The Werner Report in the international media of the time’.

<sup>4</sup> The four fundamental freedoms (of goods, services, persons and capital), which had been in the Treaty of Rome since 1957, were also in the Werner Report. ‘Economic and monetary union will make it possible to realize an area within which goods and services, people and capital will circulate freely and without competitive distortions, without thereby giving rise to structural or regional disequilibrium.’ ‘[Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community \(Werner Report\)](#)’, Luxembourg, 8 October 1970, document L 6.956/II/70-D, in Official Journal of the European Communities C 136, Supplement to Bulletin 11/1970, Luxembourg, 11 November 1970, p. 15. (Document consulted on 10 October 2012.)

<sup>5</sup> The discussions in the Werner Group came to the conclusion that the economic policy coordination centre taking shape within economic and monetary union should be put under the democratic control of the European Parliament elected by universal suffrage. Pierre Werner family archives, ref. PW 048.

<sup>6</sup> The first explicit reference to a ‘European identity’ came in the ‘[Declaration on European identity](#)’ adopted by the Heads of State or Government of the Member States of the Community at the Copenhagen Summit of 14–15 December 1973. (Document consulted on 10 October 2012.)

<sup>7</sup> In the sense in which it was used by the Werner Committee, the term ‘social partners’ was applied very broadly, comprising all organisations representing economic and social life.

<sup>8</sup> ‘Realisation by stages of economic and monetary union in the Community’, Doc. 16.956/II/70/8 October 1970, European Communities, the Council, Brussels, 21 October 1970. Historical Archives of the Council of the EC

<sup>9</sup> The Economic and Social Committee was set up by the Treaty of Rome (1957) for the purpose of involving the representatives of economic and social life in the establishment of the Common Market. The point was to give organised forces in the economy and society the opportunity to make their views heard in the Community’s decision-making process. Initially (Article 198) the Committee met only at the request of the Council or the Commission, and provision for it to be compulsory to consult it was made by the treaties only in a limited number of fields (agriculture, free circulation of persons and services, transport and social policy). Its members were appointed by the Council, voting by qualified majority on a proposal from the Member States, for a four-year term. They were divided into three groups, representing employers, employees and the various economic and social interests. The Paris Summit of 1972 decided to give the Committee the right of initiative. Thus, since its rules of procedure in 1974, the Committee has been able to deliver opinions on its own initiative. The Committee is not one of the Community institutions listed in the constituent treaties, but it does have autonomy in its organisation and workings. Its status and role give it a distinctive place among the many committees which assist the institutions.

<sup>10</sup> These were the ‘[Communication and proposals from the Commission to the Council on the realisation by stages of economic and monetary union in the Community](#)’, COM (70)/1250, Brussels, 29 October 1970. (Document consulted on 10 October 2012.)

<sup>11</sup> On 9 November 1970, the specialist section of the ESC set up a study group on ‘Economic and monetary union’ chaired by Mr Aschoff. The rapporteur (Mr Ameye) and co-rapporteur (Mr Ventejol) delivered their report on 26 November 1970.

<sup>12</sup> This was the 92nd plenary session of the Economic and Social Committee, held in Brussels on 27 and 28 January 1971, and the ordinary sitting of 28 January 1971. The record of proceedings of the ESC was published on 22 February 1971.

<sup>13</sup> ‘[Resolution of the Council and the representatives of the Governments of the Member States of 22 March 1971 on the achievement by stages of economic and monetary union in the Community](#)’, 22 March 1971. Official Journal of the European Communities (OJEC), 27 March 1971, C 28. (Document consulted on 10 October 2012.)

The French delegation had made its agreement to the resolution subject to the explicit mention of the Economic and Social Committee as the sole framework for consultation of the two sides of industry.

<sup>14</sup> ‘Record of the proceedings of the Economic and Social Committee relating to the exchange of views on the information report on the achievement by stages of economic and monetary union in the Community’, 92nd plenary session, Brussels, 27 and 28 January 1971, Doc. CES 80/71/mha, Brussels, 22 February 1971, p. 0228, Historical Archives of the Commission of the EC

<sup>15</sup> ‘[Information report by the specialist section for economic questions on the “Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community”](#)’, rapporteur Mr Ameye, CES/70 fin/mha, Brussels, 2 December 1970, European Economic Community, p. 3, Historical Archives of the Commission of the EC. (Document consulted on 10 October 2012.)

<sup>16</sup> See section 3.2, ‘The final report’.

<sup>17</sup> Ibid., p. 5

<sup>18</sup> For the setting up of economic and monetary union, the Werner Report stipulated that economic development and monetary cooperation must occur in parallel, with political cooperation aligning itself on these at a more advanced stage. The ESC, however, felt that monetary aspects were given priority, which breached the principle of parallel development.

<sup>19</sup> If the Committee did not take active steps to consolidate its role, there was a risk of direct contacts being set up between the Community institutions, on the one hand, and the two sides of industry on the other, thereby substantially watering

down its functions.

<sup>20</sup> 'It does not look as though the monetary problems which countries have to face — exchange-rate fluctuations and the speculation to which they lead — can be solved by measures which will ultimately be imposed by the major capitalist companies. [...] Economic and monetary policy favours the most powerful European monopolies and it is unlikely that it will be capable of acting as a counterweight to the hold that American companies have over Europe.' Ibid., p. 303

<sup>21</sup> This was the conclusion of the discussions on the difficulties faced by Italian trade unions with regard to employment and the development of the Mezzogiorno. Trade union involvement in democratic decision-making at the Community level was seen as essential.

<sup>22</sup> There was provision for this consultation in the Council decision on the strengthening of the short-term economic policies of the Member States (adopted on 22 March 1971).

<sup>23</sup> Noting that there were statements of intent but no specific measures, the Committee put forward a proposal to draw up an inventory of the 'present situation' (meaning the beginning of stage one of economic and monetary union) and harmonise the statistical set-up of the Member States so that the assessment of the starting point would be a very accurate reflection of the real position.

<sup>24</sup> The Werner Report saw the development of European monetary cooperation in the framework of the Bretton Woods system, which worked on the basis of fixed but adjustable exchange rates. Since the European Monetary Agreement established a specifically European margin of fluctuation against the dollar (+/- 0.75 %) under the Bretton Woods agreements, the dollar was, of necessity, taken into account in the stabilisation system recommended by the Werner Report. Thus it provided, in the preliminary stage, for the gradual reduction of each European currency's margins for fluctuation against the dollar.

<sup>25</sup> Some of the lines of these had been broached in the 1962 Marjolin Report — which suggested 'the need for a single currency, to make a success of the Common Market' — and were then taken further in the thinking within the Commission.

<sup>26</sup> 'Information report by the specialist section for economic questions on the "Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community"', rapporteur Mr Ameye, CES/70 fin/mha, Brussels, 2 December 1970, European Economic Community, p. 14, Historical Archives of the Commission of the EC

<sup>27</sup> The Pierre Werner family archives have been found to contain statements, motions, proposals, personal letters (to the permanent representatives of the Member States, for example), open letters to the press, press releases, etc.

<sup>28</sup> This association, which was set up in Brussels on 23 April 1963, grouped together the savings banks of the six EEC Member States. At the end of 1969, these banks were managing approximately 100 million savings books, total capital of 72.7 billion UAs in deposits and securities portfolios worth 19.5 billion UAs. See Blondel, Danièle; Van Puyvelde, Theodor, 'La Communauté économique européenne et les caisses d'épargne', in *Revue économique*, Volume 17, No 4, 1966, p. 690.

<sup>29</sup> 'Statement of views on the fiscal supplement to the plan by stages of the Commission of the European Communities for the establishment of economic and monetary union', Doc.PAS/DB 42-4./27 November 1970, Savings Banks Group of the European Economic Community, Brussels, Historical Archives of the Council of the EC. This paper set out practical proposals for taxation on investments and share dividends, taxation of investment interest, deposits and bonds.

<sup>30</sup> 'Opinion on the Report by the Werner Group of 8 October 1970 (Doc. 16956/II/1970) and the European Commission Communication of 29 October 1970 (COM 70/1250) on the establishment by stages of economic and monetary union', Doc. F 87/70/2 February 1971, Savings Banks Group of the European Economic Community, Brussels, 2 February 1970, p. 2. Historical Archives of the Council of the EC

<sup>31</sup> Ibid.

<sup>32</sup> 'From the outset, the Werner Committee stated that it was not in a position to make proposals on political structures. But it nevertheless pointed out the need to develop these policies on a central basis, even if the decision-making power remained in the hands of the existing structures, which for economic policy were the Council and the Commission.' Werner, Pierre, *Itinéraires luxembourgeois et européens. Évolutions et souvenirs: 1945–1985*, 2 volumes, Éditions Saint-Paul, Luxembourg, 1992, Volume 2, p. 132

<sup>33</sup> It was a matter, firstly, of setting up a decision-making centre for economic policy which would have to exert an influence on the drawing up of national budgets and make changes in the exchange rate of the single currency or of all the national currencies (the logical consequence of fixed exchange rates). Secondly, it involved setting up a Community system of central banks which would take decisions on internal monetary policy (liquidity, interest rates and credit) and external monetary policy (intervention in the money markets and reserve management).

<sup>34</sup> Pursuant to Article 1 of the Council Decision of 22 March 1971 on the strengthening of co-operation between the central banks of the Member States of the European Economic Community, Official Journal No L 073, 27/03/1971, p. 14.

<sup>35</sup> Letter from Frédéric Berg, President of the Union of Industries of the European Community, to Walter Scheel, President of the Council of Ministers of the EC, Doc.FB/AG/14.C.1, Brussels, 2 December 1970. In the Pierre Werner family archives.

<sup>36</sup> To achieve economic and monetary union, the Werner Report called for the coordination of economic, monetary and budgetary policies, the liberalisation of capital flows within the Community, the irreversible fixing of relative parities between the national currencies and an integrated system of central banks. To achieve these aims, certain powers would have to be transferred from the national to the Community level, which would rightly entail establishing a system of democratic control with a parliamentary basis. While all the measures in stage one could be based on the provisions of the Treaty of Rome, some of those to be undertaken in the transitional stage would require amendments to the Treaty.

<sup>37</sup> ‘Attainment by stages of Economic and Monetary Union’, Union of Industries of the European Community. Annex to the letter from Frédéric Berg, President of the Union of Industries of the European Community, to Walter Scheel, President of the Council of Ministers of the EC, Doc.FB/AG/14.C.1, Brussels, 2 December 1970. In the Pierre Werner family archives.

<sup>38</sup> See the EC’s ‘[Third medium-term economic policy programme \(1971–1975\)](#)’, which set out to steer the Member States’ growth and stability policies on the basis of common objectives. The programme included costed guidelines and structural measures as well as procedures for implementing it in conjunction with short-term economic policy. (Official Journal of the European Communities, 1 March 1971, No L 49, p. 5. Luxembourg, Office for Official Publications of the European Communities.) (Document consulted on 10 October 2012.)

<sup>39</sup> The establishment of a European Monetary Cooperation Fund under the authority of the Committee of Governors of the Central Banks was called for in Section VI of the Werner Report. (The setting up of a European Reserve Fund was called for in the decisions of the Hague Summit, 1–2 December 1969.) It might possibly be set up in stage one, but would have to be implemented during stage two. The object of the Fund was to absorb the short-term monetary support and medium-term financial assistance mechanisms. The Fund was eventually set up on 3 April 1973. ([Regulation \(EEC\) No 907/73 of the Council of 3 April 1973 establishing a European Monetary Cooperation Fund](#), Official Journal of the European Communities, 5 April 1973, No L 89. Luxembourg, Office for Official Publications of the European Communities. (Document consulted on 10 October 2012.)

See section 5.2, ‘The difficulties of the monetary snake and the EMCF’.

<sup>40</sup> While the Werner Committee’s [interim report](#) was going through the final drafting stages, the European Confederation of Free Trade Unions in the Community drew up a paper entitled ‘Observations of the Executive Committee on the establishment by stages of economic and monetary union’, which it sent to the General Secretariat of the Council of Ministers of the EC on 15 May 1970. (Document consulted on 10 October 2012.)

<sup>41</sup> See section 2.2, ‘The work of the Werner Committee’. The trade unions were among the first to react to the idea of economic and monetary union. First in line was the *Deutscher Gewerkschaftsbund*, which, ‘being prepared to take on its share of responsibility by taking part in the democratic decisions involved in setting up an economic and monetary union [...] drew up a proposal for a plan by stages’ which it submitted to the President of the European Commission, Jean Rey, on 20 March 1970, the very day on which the Werner Group held its first official meeting. This statement of views was added to the documentary resources used by the ad hoc committee. In its proposal, the German trade union confederation considered that ‘the aim of an economic and monetary union is a lasting improvement in material and moral well-being in the Community which will make it possible to enhance Europe’s economic and political position [...]. This objective can only be achieved through ongoing growth, full employment and stability, combined with an ironing-out of regional and social disparities.’ Stage one provided for the establishment of the national conditions essential for economic and monetary union, including the alignment and, where necessary, establishment of new social and economic policy instruments in the Member States. National economic reports drawn up and published by the Member States’ governments each year would make it possible to identify the progress achieved. The Member States must harmonise their national forecasts and the measures they proposed to take. At stage two, the conditions needed for economic and monetary union in the Community would be created, and in stage three it was expected to be completed. Social measures, that is to say, were emerging as a definite focus of interest with regard to the building of an economic and monetary union, and the Werner Committee was aware of the fact (as the thrust of the final report makes abundantly clear). In *Vorschlag für einen Stufenplan zur Errichtung einer Wirtschafts- und Währungsunion in der Europäischen Wirtschaftsgemeinschaft [Proposal for a plan by stages for the establishment of an economic and monetary union in the European Economic Community]*, Deutscher Gewerkschaftsbund, Bundevorstand [Confederation of German Trade Union, Federal Bureau], Düsseldorf, 20 March 1970, Historical Archives of the European Commission, BAC 375/1999 575, Vol.1, p. 0059–0067

<sup>42</sup> The archive documents referred to are the statements of views of the European Confederation of Free Trade Unions in the Community and the European Organisation of the World Confederation of Labour (which brought together Christian-inspired trade union organisations and other democratic organisations). The World Confederation of Labour dissolved itself at its congress of 31 October 2006 to enable its members to be incorporated into the new International Trade Union Confederation.

<sup>43</sup> The European Confederation of Free Trade Unions (ECFTU) was a grouping of most of the European trade union organisations and was recognised as one of the main European industrial organisations. In embryo it consisted of the miners’ and steelworkers’ trade unions which, in 1952, joined the International Confederation of Free Trade Unions (ICFTU); this set up a coordinating committee within the European Coal and Steel Community called the European Social Secretariat (ESS). After the signing of the Treaty of Rome (1957), a European Trade Union Secretariat was set up, bringing together its members from the six EEC Member States. At the same time, the International Federation of Christian Trade Unions (IFCTU) set up the European Organisation of Christian Trade Unions. In 1960, the ICFTU unions from the countries belonging to the European Free Trade Association joined together in a European secretariat. In 1969, the ESS became the European Confederation of Free Trade Unions and then, with the accession of the ICFTU unions from the EFTA countries in 1973, it became the European Trade Union Confederation, which was later joined by the European Organisation of Christian Trade Unions.

<sup>44</sup> Letter from Theo Rasschaert, General Secretary of the Confederation of Free Trade Unions in the Community, to the President of the Council of Ministers of the European Communities, Brussels, 11 December 1970. The letter came with a ‘Statement of views of the Executive Committee of the European Confederation of Free Trade Unions on the establishment of an Economic and Monetary Union’. Historical Archives of the Council of the EC

<sup>45</sup> The Confederation stressed that the rights secured by trade union organisations at the national level required consultation structures at the Community level which gave the same rights and guarantees as at the national level.

<sup>46</sup> It was primarily a matter of setting up the European Communities' Standing Committee on Employment (SCE), established following the decision of the Council of Ministers for Social Affairs meeting on 26 November 1970 and as a result of the adoption of Council Decision 70/532/EEC of 24 December 1970 [Official Journal L 273, 17.12.1970]. It was established at the wish of the representatives of employers' and workers' organisations at the conference on employment issues held in Luxembourg on 27 and 28 April 1970.

<sup>47</sup> Letter from Jan Kulakowski, General Secretary of the European Organisation of the WCL, to the President-in-Office of the EC, Doc. DE/5-744/70-FS-VM IV.12, Brussels, 21 December 1970. Historical Archives of the Council of the EC and Pierre Werner family archives

<sup>48</sup> 'Economic and monetary union', Annex II to the letter from Jan Kulakowski, General Secretary of the European Organisation of the WCL, to the President-in-Office of the EC, Doc. DE/5-744/70-FS-VM IV.12, Brussels, 21 December 1970. Historical Archives of the Council of the EC and Pierre Werner family archives

<sup>49</sup> See section 2.2, 'The work of the Werner Committee'. As the documentary record shows, academic and university circles in Europe and the United States showed a great deal of interest in the work of the Werner Group, particularly since the practical solutions it hammered out came with theoretical definitions relating to economic and monetary union. When taking part in a seminar on the optimum monetary zone in Madrid at the beginning of February 1970, the Commission representative was asked to brief the academics present, particularly those from the United States, on the various plans for building economic and monetary union by stages and to take them through the relevant documents. There were more than 12 requests, but only those from Professors Triffin and Machlup were acceded to in the end.

<sup>50</sup> The European League for Economic Cooperation (ELEC) was an organisation founded in 1946 by Paul Van Zeeland from Belgium, Josef Retinger from Poland and Pieter Kerstens from the Netherlands, who were soon joined by other prominent European figures including Edmond Giscard d'Estaing from France, Harold Butler from the UK and Herman Abs from Germany. Although ELEC was among the founders of the European Movement at the Hague Congress in May 1948, it was not so much a mass movement as an 'intellectual pressure group' serving the cause of European integration and anxious to carry out its mission quite independently of private interests or official authorities. The mission, in the first instance, comprised educating its members in European affairs by providing them with information and holding debates on major European subjects. ELEC worked primarily through national committees.

<sup>51</sup> '[Statement on economic and monetary union in the European Community by the European League for Economic Cooperation](#)', Doc. 2204/11 December 1970, Brussels, 11 December 1970. This document was forwarded to the General Secretariat of the Council of Ministers of the EC, which distributed it to the Permanent Representatives of the Member States on 23 December 1970. In the Pierre Werner family archives. (Document consulted on 10 October 2012.)

<sup>52</sup> Ibid. ELEC described the Werner Group's research into monetary integration in the European Community as a 'vital component of its economic unification' and thanked the Commission 'for the backing it gave to the Werner Group's recommendations'.