

Pierre Werner's role in the drafting and adoption of the report

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Pierre Werner's role in the drafting and adoption of the report

Once his appointment was ratified by the Council of Ministers on 6 March 1970, Pierre Werner got down to work as [chairman](#) of the ad hoc group set up to explore the possibilities of progress by stages towards an economic and monetary union.

After seven months of work, discussions, arguments, horse-trading and reversals, and a precarious compromise obtained by opting for the lowest common denominator, the [Werner Report](#) — an evolving plan in three stages over a ten-year period leading to the establishment of an economic and monetary union — was officially presented on 8 October 1970 in Luxembourg.

Alongside Pierre Werner's efforts regarding the coordination of the [group of experts](#) went a major personal contribution to the method and substance of the plan by stages.

a) On the working method

At the preliminary meeting of the group on 11 March 1970, Pierre Werner acquainted his colleagues with the broad outlines of his approach to a plan which could lead to a single currency. He gave a comparative overview of the proposals put forward by the [German](#),¹ [Belgian](#)² and [Luxembourg](#)³ Governments and the [Commission](#),⁴ identifying the main stages they involved, with the areas of consensus and disagreement which had emerged, including two vital points: the pooling of the reserves held by the Six and the establishment of a Community central bank. This was an approach that the Commission adopted in full and that would subsequently influence all its work associated with the plan by stages.⁵

In the same vein, Pierre Werner proposed that an open-ended summary be drawn up at the end of each meeting, a sort of 'inventory' summarising the ideas set out in the various working documents or put forward verbally in the group. This summary — drafted by the chair with the assistance of the secretariat — would be tabled at the next meeting and would serve as a basis for the negotiations and the drafting of the plan by stages.

b) On the substance of the report

On the substance of the report, Pierre Werner proposed a stage-by-stage method, based on a starting point, a desired final goal and possible routes for linking the two. The committee of experts sided with this approach. It was actually the basis of the '[five-part Luxembourg plan for a monetary union](#)' which Pierre Werner had presented on 26 January 1968 from the podium of the Europaforum in Saarbrücken,⁶ which had been given a favourable reception in political and public circles in Europe.

After taking on the key task of mediating to bring the differing points of view in the committee closer together and secure an agreement on the interim report (22 May 1970), Pierre Werner suggested the lines along which the group could proceed further with its work. These centred on six priority issues, including institutional aspects, effective instruments for the coordination of short-term policy and economic policy in the medium term, and budgetary coordination instruments. Another area was the overall harmonisation of monetary policy and credit policy instruments. As far as exchange regulations were concerned, provision was specifically made for 'consulting the central bank governors'. All these proposals appeared in the Council's decision on the continuation of the group's work, and ultimately in the Werner Report.

It should also be noted that Pierre Werner, who was deeply influenced by the Luxembourg model of a social market economy, subsequently proposed at the Council meeting on 9 July 1970 that both sides of industry (the ‘social partners’) should be consulted on any important monetary decisions. The Delors Report, drawn up under the coordination of a recognised advocate of a social Europe, did not contain this requirement.

c) On the principle of ‘parallel movement’ in the report

The [work](#) of the Werner Committee was characterised by the debate on the use of currency as the vector for integration. Which should have priority: monetary unification or the harmonisation of economic policies? On this point, there were two broad positions; on one side there were the ‘economists’ (Germany and the Netherlands), and on the other the ‘monetarists’ (France, Belgium and, to some extent, Italy).

This clash of views ultimately led to the principle of striking a balance between these two approaches and the need for ‘parallel movement’ between the coordination and convergence of the economic and monetary policies of the Member States. This would serve as the backbone for the Werner Report. ‘What we aspired to do was, once and for all, to break the vicious circle consisting of setting prior economic and political conditions. We have tried to draw a line midway between the view that monetary union is the crowning glory of European integration and the view that would turn it into the virtually all-powerful engine driving integration. I think the proposals are in line with the existing treaties and that they do, precisely, ensure that the objectives of the treaties will be achieved in full. Thus for stage one we can go a great deal of the way without amending the treaties. However, there must be a strong political will backing up this process all the time that it is being put into effect.’⁷

Pierre Werner adopted an objective stance and made a personal effort to secure this balanced final outcome, even though his beliefs had previously been closer to the monetarist position.⁸ But from September 1968 onwards he focused his ideas more on the need for greater political integration and a parallel approach between the coordination of economic policies and monetary integration, placing himself in a median position in the dispute between the ‘monetarist’ and ‘economist’ trends. ‘My rough plan [...] received undreamed-of levels of publicity in Europe and elsewhere, as it came from a member of the Council of Ministers and responded to the concerns of the time. But I was no longer the only person advocating action [...] Professor Triffin’s proposals [...] linked monetary integration to a reform of the International Monetary System.’⁹ Werner was therefore in tune with the ideas of [Robert Triffin](#), with whom he spoke at length, both within the Action Committee for the United States of Europe¹⁰ chaired by [Jean Monnet](#) and during the work on the plan by stages. Indeed, Triffin first imagined a European unit of account independent of the dollar and convertible into European currencies, followed by the establishment of a European monetary authority and, later, by a common monetary policy.

d) On the international dimension

Pierre Werner also worked to further the external dimension of EMU which the plan by stages entailed. The private archives show that in 1969 and 1970 Pierre Werner was in [regular contact](#) with the federal and political authorities in the United States and maintained good relations with financial circles on the other side of the Atlantic. The prominent presence of Luxembourg bankers in the United States, and his ties to the United States Ambassadors in Luxembourg, gave him many opportunities for gathering the information that interested him as chairman of the ad hoc committee. The annual meetings of the IMF, which he attended as governor for Luxembourg, and the many formal occasions associated with them were chances for the

members of the Werner Committee and the Finance Ministers of the Six to have informal conversations with their American colleagues and other international officials and experts and thereby gauge their views on various aspects of the plan by stages. Pierre Werner had several meetings with the Managing Director of the IMF, [Pierre-Paul Schweitzer](#), whom he had already consulted on Europe's monetary identity, and with the Chairman of the United States Federal Reserve Board, Arthur Burns. The question of Europe often figured on the agenda of discussions.

One idea that kept coming up was the consolidation of the future monetary identity and solidarity of Europe by ensuring that the Six spoke with one voice in international financial organisations.

Pierre Werner was to involve himself directly in the writing of the English version of the report and its dissemination in academic and political circles in the English-speaking world, particularly in Britain, by means of lectures and the debates he held with the British Prime Minister, [Edward Heath](#).

e) Consolidation of the role of the Committee of Governors of the Central Banks

Pierre Werner worked hard to secure the [technical opinion](#) of the Committee of Governors of the Central Banks on the common monetary policy and to promote this committee as a significant monetary authority for the Community. The same was true of the [EMCF](#), as the work on the drafting of the Werner Report showed.

The opinion of the central bankers can also be seen as a reflection of the convergence of views on the architecture and priorities of EMU between Pierre Werner and [Baron Hubert Ansiaux](#), Governor of the National Bank of Belgium and Chairman of the Committee of Governors. The monetary union between Luxembourg and Belgium meant that the two men had long been in close contact. Their cooperation within the Werner Committee had already had a positive influence in maintaining a balance in the debates.¹¹

The technical opinion was an integral part of the Werner Report and demonstrated both the gradual nature and the irreversibility of economic and monetary union, thereby underpinning the fundamental approach of the plan by stages.

Some years later, when the [Delors Report](#) was being drawn up, the Committee of Governors, which was called on to assume the essential role, concluded that 'before the Werner Report [...], the Member States had a view of an economic union — or at any rate a common market — that they deemed to be achievable via the coordination of their monetary policies alone. After the Werner Report, they admitted that economic union could not be achieved without the gradual establishment of monetary union.'¹²

f) Securing a consensus

Pierre Werner took on the key task of mediating to bring the differing points of view in the committee closer together ('economists' versus 'monetarists') and to secure an agreement on the plan by stages (the interim and final reports).

As the ad hoc group went ahead with its work, he was particularly active in the Action Committee for the United States of Europe (the Monnet Committee). His public and private exchanges with [Jean Monnet](#) became very intense from May 1970, as soon as the outlines of the

interim report began to emerge. The two men consulted each other a great deal on the subject of the networks of influence which needed to be tapped, especially in Germany and the Netherlands, as those were the two countries most reluctant to agree to a common position in the EEC Council of Ministers. Monnet was on good terms with [Willy Brandt](#), using this relationship to good effect, and the approaches [Baron Snoy et d'Oppuers](#) from Belgium made — supported by [Triffin](#) — to his Dutch colleague, Finance Minister [Witteveen](#), also brought results. Previously unpublished archives also reveal the close relations between Pierre Werner and the Belgian and French members ([Hubert Ansiaux](#) and [Bernard Clappier](#)) of the group, which made a significant contribution to the substance of the final report and the securing of a consensus.

- ¹ ‘Stufenplan zur Verwirklichung der Wirtschafts- und Währungsunion in der EWG’ [Stage-by-stage plan for the achievement of economic and monetary union in the EEC] (Bonn, 22 January 1970). In *Tagesnachrichten* of the Federal Ministry of Economic Affairs, 27 February 1970, No 6122. Reproduced in Tietmeyer, Hans, *Währungsstabilität für Europa. Beiträge, Reden und Dokumente zur europäischen Währungsintegration aus vier Jahrzehnten*, Nomos, Baden-Baden, 1996, pp. 88–94.
- ² ‘Un plan de solidarité monétaire européenne en trois étapes 1971–1977’ [A three-stage plan for European monetary solidarity, 1971–1977], Ministry of Finance, Brussels, 27 January 1970.
- ³ Werner, Pierre, ‘L’Europe en route vers l’Union monétaire’, in Documentation bulletin No 1, 26th year, Information and Press Service, Ministry of State, Grand Duchy of Luxembourg, 28 February 1970, pp. 5–12.
- ⁴ Communication from the Commission on the development of a plan by stages for an economic and monetary union, 1970, Bulletin of the European Communities, Brussels, Supplement 3/March 1970.
- ⁵ With its note No 700225 of 26.01.1970, the EC Commission set up an inter-directorate working party on economic and monetary union to be responsible for carrying out the necessary work to supply the Commission’s representative in the Werner Group with points for consideration and documentation. The directors and secretary of the Monetary Committee were part of this group. On 18 March 1970 this group drew up a comparison for the Werner Group’s documentary collection between the four stage-by-stage plans for economic and monetary union — the plans drawn up by the German, Belgian and Luxembourg Governments and the Commission — that were published in February 1970. See ‘[Jeu de tableaux synoptiques concernant les quatre plans par étapes vers une union économique et monétaire: plan Werner, plan Schiller, plan belge et plan C.C.E.](#)’ [Comparative tables concerning the four plans for the achievement by stages of an economic and monetary union: the Werner Plan, the Schiller Plan, the plan drawn up by Belgium and the plan drawn up by the Commission], 18 March 1970. Commission of the European Communities/Directorate-General for Economic and Financial Affairs/Working Party on Economic and Monetary Union. In the Pierre Werner family archives. (Document consulted on 10 October 2012.) Reproduced in Dierikx, Marc (Ed), *Common Fate. Common Future. A Documentary History of Monetary and Financial Cooperation, 1947–1974*, CVCE-Huygens ING, The Hague, 2012, pp. 123–136.
- ⁶ Werner, Pierre, ‘Perspectives de la Politique Financière et Monétaire Européenne’ [The outlook for European financial and monetary policy], in Documentation bulletin No 2 of 26 January 1968, 24th year, Luxembourg: Information and Press Service, Ministry of State, Grand Duchy of Luxembourg, 26 January 1968, pp. 1–8.
- ⁷ [Statement by Pierre Werner to the Council of Ministers](#), Luxembourg: 26 October 1970, in Documentation bulletin, Directorate for Publications, Press and Information Service, Ministry of State, 26 October 1970, No 6, 26th year, Luxembourg.
- ⁸ See Werner, Pierre, ‘[Perspectives de la Politique Financière et Monétaire Européenne](#)’ [The outlook for European financial and monetary policy], in Documentation bulletin No 2 of 26 January 1968, 24th year, Information and Press Service, Ministry of State, Grand Duchy of Luxembourg, 26 January 1968, pp. 1–8.
- ⁹ Werner, Pierre, Address given in Rotterdam by Pierre Werner, President of the Government, Minister for the Treasury, at the meeting of the Council of Finance Ministers of the EEC, 10 September 1968. In Documentation bulletin No 8 of September 1968, 24th year, Information and Press Service, Ministry of State, Grand Duchy of Luxembourg, September 1968, pp. 5–11.
- ¹⁰ The Action Committee for the United States of Europe (also known as the Monnet Committee), founded on 13 October 1955 by Jean Monnet, assembled trade union and political forces from the six Community countries (representing over 10 million unionised workers). The committee held its first session in Paris on 18 January 1956. Its overriding objective was to help bring the treaties for the Common Market and Euratom to a successful conclusion. The treaties signed in Rome on 25 March 1957 were voted by the six parliaments in the same year.
- ¹¹ At the Werner Committee meeting in April 1970, the discussions between economists and monetarists were set off and stimulated largely by the tabling of the German paper with its calls for economic and budgetary harmonisation. Pierre Werner, considering the German view too severe and not measured enough, moved the discussion in another direction by launching, as a counter-proposal, the idea of the exchange stabilisation fund. This idea was backed by Baron Ansiaux, who highlighted the difficulties associated with stabilising the exchange rates between Community currencies and the question of special drawing rights (SDRs).
- ¹² Ansiaux (Baron), Hubert; Dessart, Michel, *Dossier pour l’histoire de l’Europe monétaire 1958–1973*, Brussels, 1975, p. 1.