

Meeting on 14th March 1989

(BIS, Room E)

**M. P. Jaans** (First tape 872 - 908)

I have some hope that between the positions expressed by Gov. Leigh-Pemberton and by Gov. de Larosière there is not a real and fundamental contradiction. I think if we tell the Heads of State in our Report that if and when they embark on the process of EMU, it is not just embarking on stage one and not on stage two, it is a whole process with three stages, and if they decide to go in that direction an early decision also has to be taken in order to revise the Treaty. I think if one is clear about the prerogative of the Heads of State to start the whole process, which should be just one process - it is not improving structures in the EMS that is a different thing, that has been done in Basle/Nyborg and that can be done also on the basis of Basle/Nyborg. If they decide to go in that direction then, of course, it is necessary also to have the Treaty revision and to have it during stage one. I think that is in my view a more apparent contradiction between the two positions expressed.

Two other points which I think are eminently political and where this Committee probably has not, let's say, the best expertise, or is not entitled to have the best expertise. One is the question of whether there should be one or more Treaty changes. We can indicate that this thing can be done in one or more Treaty changes, but I think we should not, as is done at present, indicate a preference so to say for one Treaty change enabling provisions, etc., because the whole process is likely to last over more than one legislature and personally I would hesitate to take the right, so to say, to deprive a second legislature from the possibility to look at that and to foreclose anything by just one act where the Parliament afterwards would be completely bound. That is one point which I think is a

point which has to be left to the politicians. We should indicate that there are two ways but probably we should not express a preference.

A third element, also in my view eminently political, is the question of whether one can start EMU with not all members in it so to say, if one can start it outside the Treaty, if one can embark in the direction of a two-speed way to work. There may be a lot of arguments to do that, but I think the point is so political it touches to the very heart of the Treaty and the whole philosophy of the Community that we, in my view, should just raise it, point to the fact that it is an eminently political choice, but the choice has to be left to the Heads of State.

**M. A. Lamfalussy (911 - 974)**

I think that Robin really raises a very substantial question and I was trying to make up my own mind on that question by reading the description of the first stage as if I had never heard about it; I was trying to make a reading as an outside reader, reading the Report for the first time. I think if you make the same effort you come to the conclusion that the only major substantive recommendation in that first stage today is to suggest that the Committee of Governors change their method of work and shift towards ex ante policy recommendations, which are not binding, of course, but which are explicit recommendations. That is a major shift and that is a major proposal, all the rest is interesting, but when you say the same thing about fiscal policies and budgetary policies you know perfectly well that there is no budgetary committee comparable to the Governors and with independent sovereign states that doesn't mean much. I am putting these things very bluntly, but that is how any reader would feel about it. I think this recommendation about the work of the Committee of Governors is a very serious one, a very important one, and I would certainly regard it as being a very important first step, and be happy with it as long as it can be regarded as being credible. There is nothing in the present status of the Governors that would prevent them, or would have prevented them for the last 20 years, of doing it already and any reader of this Report would really come up with this first conclusion.

From there I jump to the second point of my reasoning which is to say that, in order to make the first step credible, there ought to be a clear political signal, and I use the word in that sense, signal or

commitment which makes it clear that this first step is the beginning of a process -that is the point which was made by M. Jaans in a different way. We need a signal because otherwise nobody will take this recommendation seriously to be quite blunt. What is the political signal that you can expect? There, of course, you may have nuanced views. Clearly the most obvious political signal would be for the Heads of State and governments to say we decide to go ahead, and in order to show that we really mean business, we give instructions to our Ministers to start discussions on the Treaty. That is an unequivocal political signal, we don't have to say that we recommend you to do that - no, we don't recommend it we simply say that to the extent that you want to go ahead and that you want the Governors to go ahead with the first step, please give a political signal and a political signal is, of course, a Treaty negotiation.

One can imagine other signals as well and I am not absolutely dogmatic about this point, what I am dogmatic about is that we need a political signal because otherwise the whole thing falls absolutely flat and will become totally incredible. What other signals could there be? Of course, a new Directive, beefing up the 1964 Directive could be done, but when you look at the Directive it is difficult to beef it up, it was there already in 1964, so what sort of credibility would you gain by adding to that? Then there is, of course, a third political signal which is not as constitutional as the Treaty negotiation but which is a very practical one. I will just mention it, and that is if the UK announced joining the EMS. That is the biggest most practical political signal that could be made. I would stop here by saying that what I am very insistent on, and I am rarely dogmatic, is the absolute need for a political commitment of some kind. What sort of political commitment? I am ready to ponder that, but the need for political commitment, to my mind, is absolutely essential. In the present formulation of the first stage, and that is where I join forces with J. de Larosière, if the first stage was drafted in a different way, then that in itself could make a political commitment. But it doesn't give that signal in its present form.

Herrn K.O. Pöhl (1287 - 1370)

I fully agree with what has been said by Gov. de Larosière and M. Lamfalussy on the desirability of a political signal to Europe. I think

that would be at least desirable, whether it is necessary or not is a different question, but politically it may be desirable to give a signal that the European Governments are prepared to move in the direction of a monetary union and that they emphasise that by concrete decisions. We cannot give this signal, it is not our task and we are not authorised to give any signals, we can only make some proposals, but we cannot or should not make proposals only to make proposals, proposals for schemes which are not useful or not desirable or not necessary. Therefore I am not prepared to associate myself; we have a functioning system, we are fully participating in the system and, for instance, Jacques I am sorry but I really don't think that a Reserve Fund is necessary or useful or has ... Only to make a proposal and only to give this a little more substance, only for that reason to go so far and to propose things like that I think is not useful. I agree that if we only say, well we want you to implement the convergence Directive from 19??, there have been dozens of these resolutions in the past, if you go into this and study that our Committee was set up in 1964 and I read the resolution and you are absolutely right there is everything in it. And we have a statute - I didn't even know that we have a statute - which already says that we can make recommendations, it is nothing new what we are proposing so I fully share your concerns, there is nothing really spectacular and nobody will be excited if we say, well, we will co-operate even more closely in the future and we will make some proposals with a qualified majority, whatever that means because all are equal but some are a little more equal, etc.

Who can give the political signal? The politicians, the governments. What can be the political signal? Of course, they could say that we decided today that we will start to negotiate a Treaty for EMU, but I will not propose that because I think we fool ourselves. Firstly, we all know that several governments in Europe are not prepared to start such negotiations at this stage, that is for sure, neither the British Government and I think also the German Government. The German Government has said in its Annual Report they have made a warning against premature institutional changes, so I don't think they will accept that. So two governments at least, I don't know about Denmark, Holland, other countries, I don't know about France, I don't know whether governments in Europe are really prepared at this stage to negotiate a Treaty which would imply far-reaching transfers of sovereignty rights, that is what we will have to

say. If you do that you will have to be aware that that means that you give up far-reaching, very relevant sovereignty rights - are you really prepared to do that? Only as a question can we raise that, but we cannot propose that - I wouldn't propose it at least.

So what could be the other signal? As long as almost half of the membership of the EEC is either not able or not willing to fulfil the rules which are already there - the EMS is there and it is clearly defined and it works - as long as 5 countries, if I am not mistaken, are either not able (in some cases) or not willing (in the case of Britain or in the case of Italy, which is also unfortunately after 10 years only half a member - and it seems to me, if I may say so as a footnote, a little bizarre that the Prime Ministers of Spain and Italy, I read, are the ones who ask for monetary union. Two countries which are obviously not in a position to fulfil the given rules.) As long as that is the case I don't think it makes much sense to negotiate a Treaty. I fully agree with the procedure which has been suggested - I have to examine the text as it is a very far-reaching proposal which you make with this inter-governmental conference, but I think we should say, firstly, we have to in the first stage really complete the EMS, step-by-step. I understand that Greece or Portugal cannot join the EMS in the near future and shouldn't become hostages. Maybe we will come to the conclusion that a smaller country can have a special relationship, but two major countries - Britain and Italy - should fulfil the rules before we talk about a Treaty. The Treaty has to be approved by all European governments, including those who are not members of the EMS or the ERM so far. We have to make it clear to the public and to the governments that they have to give the signal and not we, we cannot give a signal we can only tell them what the signal should be. The signal in my view is at this stage not that we start to negotiate a Treaty. In the light of our discussions here I think that is very unrealistic to make such a proposal and I think other governors share this view and I think we have to find out ... (M. de Larosière: I think we have to count ourselves, you cannot speak for everybody. I could accept the proposal that we embark on a Treaty, I could accept that). I am not speaking for everyone, I am speaking for myself, so I am asking the Chairman to find out who is of this opinion and who is of a different opinion and maybe we can say in our Report, some governors are of the opinion that we should start immediately to negotiate a Treaty, but other governors ... But we have to find out, and I want to

find out who is in favour of a Reserve Fund. I am not, but I don't know about the others. We can say that in our Report, why shouldn't we have different views on these matters? I think that is normal. (M. de Larosière: On the Reserve Fund, if I may say, the views are perfectly expressed, but the criticisms have been so negative that I would have to put some more positive things in my own proposal, because now it has become very unbalanced, so you cannot say that these oppositions have not been stated, they have been stated.) I want to know who is supporting your proposal, which members here in this room are supporting this proposal in order to see whether it is the majority or minority, but this is not the right criteria. We have to be clear who is supporting which proposal. I think we have made some progress because it has become clear now where we stand and what we are aiming for.

**The Chairman (1486 - 1537) (Interpretation)**

I would like to submit to the Committee a few ideas by way of guidelines because we have made progress as compared to the first compromise which we had arrived at. Before drawing conclusions, may I remind you of the fact that you are not mere central bank governors but you are personal representatives of your governments and it is in the light of this that your performance will be measured. I attended the dinner of the European Council and all the Heads of government said we appoint a personal representative to this Committee and they all said, our Governor. You are therefore the personal representatives of your governments and I am very sorry to have to remind you of this but this is probably the only thing of which I am quite convinced and certain, for everything else I am prepared to change the Report or to amend it, but on this point I have no doubts at all, it is the only one.

What do we gather from this discussion? Firstly, that we have to indicate more clearly that there will be a transfer of sovereignty and this must be said more clearly and more fully, I think there is no doubt about that at all. We have learnt our lesson. The working paper is a bit confused on this, the Rapporteurs themselves admit that it is repetitious, all of this can be corrected. The first point that I want to submit to you for confirmation is this: the transfer of sovereignty implied. Secondly, one has to recall with more forcefulness what I have always said that the

objective of EMU is price stability, perhaps, one ought to put this point across more forcefully. Surely this was said at the beginning of our discussions and then it got lost along the way somewhere. Some perhaps felt that in a very lengthy Report the weighting was perhaps not appropriate. Thirdly, the Treaty. Nobody doubts that a Treaty will be needed, nobody contests this. The problem is when and how are we going to refer to it. Perhaps, one might have a unanimous view starting from what Mr. Jaans said. He said by embarking on phase one you embark on a process and this process will one day require the Treaty to be amended, a contrario. This means that if you don't want a Treaty then abstain from embarking on phase one, don't get into the process. You can think about this over lunch and perhaps we could reach agreement on that. Then we would reorganise the paper to take into account Pres. Pöhl's criticisms and once we have put that into Parts II or III we would then look at Gov. Duisenberg's text. One ought to make sure that the Heads of State read this properly, but there is an important point. At the beginning you said when we have handed over our report then others will have to continue our work. What Gov. Duisenberg said to me yesterday was that if the Heads of State were to take this Report into consideration, they are certainly going to ask the Monetary Committee, the Committee of Governors, perhaps the Ministers of Finance to do some additional work and this work will be tantamount to a preparatory phase for an inter-governmental conference. Of course, we don't decide when that will take place but preparatory work will be required. There are institutionalists, then there are economic experts, legal experts, etc. and this is what we read in para. 75. Think about this too whether you can agree on this.

As for participation, membership, there is disagreement. It is not very nice to have to say something in so many words when one is the President, it might be misinterpreted. Anyway if you say that one will be able to go in for EMU only if everybody is part of the EMS then you are taking up a political position and not only a technical position.

**Herrn K.O. Pöhl (1537 -1565)**

I haven't said that, Mr. Chairman, that is really unfair. That is a misinterpretation of what I have said. I have said that the most important single step towards an EMU is that all member states of the EEC

are creating the preconditions for participating in the existing institutions. (**The Chairman:** What does "preconditions" mean?) They have to reduce their budget deficit, they have to bring their inflation rates down, they have to be willing to participate in the case of Britain, in the case of Italy they have to pursue policies. That is the most important step towards an EMU because by definition the fixing of exchange rates is one of the two main elements of a monetary union. That is what I was going to say. I have not said that we will not negotiate anything before everybody agrees and talk about every state as a member of that, that is an unfair interpretation. (**The Chairman:** That is not unfair, on the contrary I want to be fair, because you say "the preconditions are full participation, full liberalisation of capital flows and the objective: price stability, budgetary discipline".) But those are the three main steps towards EMU. They are not institutional changes because we have the institutions. It is wrong what Mariano has said, it is not correct. He is saying you are against all institutional changes. We have the institutions, we have the convergence Directive, we have this statute of our Committee, and all member countries are participating in our elaborations, even those countries which are not members of the ERM are participating in the realignment discussions, for instance, so we don't need new institutions and we shouldn't give the impression that creating new institutions and new Resolutions (of which we have dozens) would solve our problems. We have to point our finger - and that is our responsibility and I will do that - on the substance of the problems. The substance is that we have to aim for convergence in Europe, we have made some progress in that direction; the substance is that we create the environment for stable exchange rates, not by declarations or funds but by the right policies; and that we introduce full liberalisation of capital movements, where we have made some progress. But this is not a concession to abolish capital restrictions, exchange controls, this has already been said in the Treaty of Rome. It is an obligation of members of the EEC to do that, it is not a concession and this is what we have to say and not that we will set up new groups, new committees, etc.



**M. J. de Larosière (Second tape 308 - 326)**

I think we are not very far. I would very much agree with Karl-Otto, that there has to be in some starting part a very strong affirmation of the fact that the whole thrust of all this is that everybody participates in all this. It is absolutely clear and it has to be said that it is a crucial manifestation of strength, of course, that all eventually will participate, but it is also necessary from a technical point of view to say - and here I think we would all agree - that if there are some lags in full participation in some transitory steps by some, there could be arrangements whereby the necessary technical things would have to be handled by those who are in full participation, pending the arrival of the others. Of course, we would take into account the need not to complicate the arrival of the others, etc. I think that is OK.

**Herrn K.O. Pöhl (483 - 576)**

I have much more radical proposals to make on this chapter on the ecu so maybe I can do it in context. This is really a question substance and I know that we disagree on that point, but I really want you to change the whole chapter on the ecu, which is not reflecting at least my views and maybe the views of others, it goes much too far and has not been discussed here with this content I think. My proposal would be to drop p. 37 from the first line until para. 55, but that may go a little too far, so I have a compromise proposal:

"The Committee examined various aspects of the role that the ecu could be expected to play in the process of economic and monetary integration in Europe. Firstly, the Committee was of the opinion that the monetary union does not necessarily require a single currency. However, political and psychological reasons suggest that a single currency would be a desirable feature of a monetary union. A declaration that the ecu, properly defined (not the basket ecu), should assume the role of the future single currency of the Community could be made at the outset, in order to ensure private agents that there would be no discontinuity between the present ecu and the single currency of the union, and that ecu obligations would be payable at face value in ecu if the transition to the single currency had been made at the time of the maturity of the contract. But it

was also felt that such a declaration might better be left for a time considerably closer to the birth of the common currency."

And then we have para. 55. Secondly, the Committee considers the possibility of adopting a parallel currency ..." And that we drop completely paras. 56 and 57 because we can say, if you want, that we should abolish all the administrative barriers for the use of the private ecu, that is something we have agreed - but that would only be one sentence. I am not prepared to support the idea that the private use of the ecu should be encouraged because my own view is that the private ecu will lose importance more and more and we have to say at the beginning, in my view, that the ecu has not come up to expectation. The assessment of the ecu at the beginning in the first chapter is much too positive and absolutely incorrect if you take into account, for instance, what Lamfalussy's report said on the use of the ecu. I think the private ecu was attractive only at the time when we had capital controls and exchange controls and the private ecu has had only some attractiveness in countries with capital controls and exchange controls - in the Netherlands, Germany and Denmark the ecu was never attractive for private users. We have abolished all barriers for the ecu and it is absolutely without any relevance, significance in Germany. Nobody holds an ecu account - some people do - but ecu bonds are not attractive and businesses are not really interested in that and so we give the ecu much too much relevance here in this chapter and it is really not the case, in fact. I have nothing against the ecu, it is an instrument it is not a currency. There are so many words here which I think are absolutely wrong. The ecu is not a currency, it is a basket of currencies, but here it is said that it should be granted the status of a foreign currency, we have always said that that is not our understanding of the ecu. It is a question of definition and it has no monetary policy relevance. The use of the official ecu is practically zero, no central bank in Europe holds significant amounts of ecu voluntarily, except the ones we get for our swaps, because all the settlements are done in DM or in dollars and maybe other currencies as well. We have this clearance system and it works, we can say OK well it has some relevance, but it is not correct to say that it has become an important currency, etc. We have to change the whole chapter, maybe our Rapporteurs can change it. I am not prepared to accept the proposal made by Mr. Thygesen on the monetary use, we can put that in the Annex, but not under the headline of the Committee, only under

the headline of Mr. Thygesen. In that case I would suggest that all papers which have been presented to this Committee should be published in an Annex, including for instance the papers I have submitted to the Committee and others have: J. de Larosière's paper, if he wants. (M. de Larosière: I would be delighted!) But all under our own signature. I am sorry, Mr. Chairman, but this is a point of substance and I cannot accept that, it gives a completely wrong view. Our views are very known, for years we have made them public, they are all described in my papers and I really wonder how this could be written here because it is known - or should be at least - that this is not acceptable to me.

**M. P. Jaans (634 - 654)**

The present draft is probably too triumphalistic or too strongly committing, so to say, on the private ecu. Therefore, why should we not simply stick to facts and say that the private ecu is a by-product of the creation of the EMS, that it has developed in private markets to an extent which is shown in the Annex, where the very useful and purely factual paper of Prof. Lamfalussy could be added, and one could say that for some economies it has played a stronger role than for others and that it has a kind of potential to develop into a genuine currency and that, in any case at the passage, the continuity of the value should be maintained. That would be not very committing on the part of this Committee, one would not try to raise monetary policy on it and all these things which are highly controversial and to which I could personally not subscribe either. It is a factual phenomenon, we can recognise it and I think for those who are, so to say, the great ? of the private ecu - I am thinking of Giscard/Schmidt Committee - if we add some facts about it and about its rather marginal character really for the time being that might altogether provide them with more information.

**Herrn K.O. Pöhl (768 - 853)**

I think we have clear disagreement on this point, but this is nothing new, we know about this for 10 years because we discussed this already 11 years ago when we set up the EMS. That was one of the main points of disagreement from the beginning because we always had strong

reservations against the encouragement of the use of the ecu for many many reasons, because it is developing into something of which we are losing control. We have national currencies which are controlled by national central banks, but there is something developing which we cannot control and then we approach a stage where we are asked to act as lender-of-last-resort as central banks. This is a very substantial, serious concern, maybe it is exaggerated but this was always the German position on that. It is not only a question of goodwill, so to say. I am not saying that we should be too negative, I am not against the private use of the ecu. We should leave it to the markets, as you have suggested, and we should say that we should not discriminate the ecu, but we should not discriminate national currencies either. That I think we should say. This is the case in some countries where other European currencies are discriminated against the ecu, that is also not really consistent with our aims. I have made a proposal to replace para. 54, which I have read. It is a little less enthusiastic, I think that should be acceptable. Para. 55 could stand as it is.

Para. 56, maybe we could say: "Thirdly, the Committee examined proposals for the use of the official ecu in the context of a common monetary policy. The Committee could not examine all the details of these proposals which are published in an Annex." We have to make it clear that we have not agreed on that.

Then we say para. 57: "Fourthly, the Committee agreed that the voluntary use of the ecu by the private sector should not be discriminated, existing barriers should be abolished."

What I don't want to say is that we want to encourage both the official use or the private use, because that has far-reaching implications. For instance, the official ecu: if we encourage the use of the official ecu what does it mean? Do we really want to encourage the European governments to borrow in ecus? Do we want to encourage the German Government to borrow in lira and fr.fr. and pesetas? It is too expensive and really makes no sense at all. The official ecu only plays a role if there are disturbances in the exchange markets, because it only plays a role if there are interventions. If there are no interventions, the official ecu fortunately plays no role - fortunately.

The private ecu: it is a market instrument and if people want it, it's OK, but why should we encourage it? Why should people be encouraged to

use the private ecu instead of national currencies? I can see no reason and it has no relevance for monetary union.

If we say there should be no discrimination, it should be left to the markets, that I think would be fine with me. What I am against is this "strong encouragement" - that is language which we are used to from the EEC and others, but which I would not support.

(Ciampi: Could Pöhl re-read his proposal for para. 54 again.)

Pöhl re-reads proposal.

(Ciampi: Would it be possible to say it the other way round?)

Yes, that's fine with me, you would say it would be desirable to have ... But that hasn't been said in the original text. But we have to say somewhere that a single currency is not necessarily necessary, maybe we don't have to say that, maybe it sounds a little negative and you are right, if we have irrevocably fixed exchange rates by definition we have a single currency.

Then there is a last sentence which we should not forget and it said: "But it was also felt that such a declaration - this is different to the previous text - might better be left for a time considerably closer to the birth of the common currency." That makes it clear that the common currency, the future currency, is something different from the basket ecu which we use today, which is fluctuating and has all the problems, particularly if some members of the EEC are not becoming members of the ERM.

Herrn K.O. Pöhl (925 - 959)

Maybe that is a little too negative, I agree with that. That is not my intention, the only thing I want to say is that I don't think we should really give the advice, or make the recommendation, that the Council should issue a declaration that the ecu would be developed into the future currency of the EEC. That is absolutely premature and nobody knows what would be the single currency in 20 years, that is my point. I can go along with what Jaans said. We have two locations in the Report where we can deal with the ecu. One is Chapter I where we describe the facts, what has happened to the ecu, and I would rather prefer if we could give that a little more realistic tone than it is now because the ecu has not developed into this European currency, the centre of the system, etc. All the

expectations which we raised in 1979 - or most of the expectations - have not been fulfilled. We have to say that and we have to say why that was the case. I personally, as I have said, don't think that the ecu will gain much importance in the future - but this is a very private view and I am not insisting that that should be included in the Report. On the other hand, we shouldn't be euphoric, unfounded euphoric about the ecu - it is absolutely unfounded. Let's be realistic. In the first chapter we describe the facts and here we have 3 or 4 paras. where we deal with the ecu ... much shorter. The first part we describe the factual development of the ecu and here we describe this thing. This para. which I suggested is maybe a little too negative, one can formulate that in the spirit of Carlo's suggestion and say: a single currency is maybe not absolutely necessary, but it would be desirable and if we have reached the stage of irrevocably fixed exchange rates we will automatically get a single currency which could be developed out of the ecu - something like that. I am against this declaration that the Council says: we decide that from now on we will develop the ecu into the single European currency, because the next step will be that the central banks will be asked to take care of the ecu, that we have to guarantee the value of the ecu, etc. Of course, Jacques, we have to have this discussion. Fortunately, here in our group we have not had these claims.

**The Chairman (1603 - 1722 End)**

Chers collègues, si vous avez un moment d'attention. Vous allez partir dans 10 minutes, n'est-ce-pas? Voilà ce que je vous propose. Je constate qu'il y a des divergences et que nous n'avons plus qu'une séance, donc j'aurais tendance à vous proposer que dans la prochaine séance nous puissions examiner un nouveau texte plus court avec des passages "into brackets" et que nous envisagions - parce qu'il y aura des décisions à prendre-là - d'avoir quelques jours plus tard (je vous rappelle que notre prochaine séance doit durer 2 jours: le 11 et le 12 avril). Si vous le permettez je serais heureux de vous inviter à dîner le 11 avril au soir dans un endroit agréable de Bâle de manière à introduire un peu plus de convivialité. Si nous pourrions examiner le rapport dans son entier et nous réunir le 21 avril pour respecter les délais à Bruxelles pour ratifier le rapport après que nous avons fait les derniers changements. Ainsi nous

pourrions garder les délais vis-à-vis du conseil informel des finances. Mais je sais qu'on ne trouvera pas une date commune, mais comment faire autrement? Il faut quand-même que chacun fasse un effort - moi je veux bien le dimanche 23 avril. (Doyle: wedding!) What about the 20th? 20th OK. In Brussels, please.

**Herrn K.O. Pöhl**

Mr. Chairman, we have not agreed on Part III today. We are expecting a new text and then we may have to go through it again, and as far as the other two parts are concerned, I expect the text, particularly in Part I, which should be much shorter and different from this one, taking out the shortcomings of the EMS and all these things which we have discussed this morning, because I have real difficulties accepting something like that.

**The Chairman**

Je suis d'accord. Je voulais simplement avoir un accord de votre part sur la méthode d'ensemble. Le 11 et 12 avril: lecture d'un rapport plus court - 10 pages en moins - ça sera difficile de descendre en dessous de 40 pages à mon avis. Le 20 avril: une réunion finale à Bruxelles à 10 heures. Alors, d'ici-là, si vous pouvez avant la fin de la semaine nous envoyer nos amendements pour les 3 parties et en ce qui concerne la 1ère partie je vais la revoir moi-même en fonction de ce qui a dit M. Jaans. Ca veut dire quoi? Ca veut dire que sur l'ecu il y aura un texte plus nuancé. Deuxièmement, sur le système monétaire européen il faut un passage équilibré. Troisièmement, sur le grand marché, pas de mélange entre l'analyse de faits, le triomphalisme, mais autre un texte beaucoup plus court et j'essayerais de rédiger moi-même 2 pages ensuite pour reprendre ce que disait le Prés. Pöhl ce matin. Le mouvement serait donc: nous parlerions du système monétaire européen dans des termes plus équilibrées, nous parlerions de l'acte unique et du programme sur le marché intérieur, nous dirions ce qu'il y a encore à faire, et là je reprendrais les thèmes développées par le Prés. Pöhl ce matin en une page/une page et demie. Nous n'avons pas terminé notre tâche dans le cadre actuel puisque toutes les monnaies ne participent pas aux mécanisme de change, et cela serait

souhaitable, d'autres ne participent pas à 100%, et ce serait souhaitable, la libéralisation des mouvements de capitaux va intervenir et dans le fond nous essayons de rapprocher la convergence de nos économies avec comme objectif essentiel pour cette réflexion la stabilité des prix. Donc essayons de terminer comme cela et ensuite de dire que conformément à notre mandat nous décrivons le stage final avant de revenir - mais je vous propose après la conversation que nous avons eu juste après le déjeuner de garder le "momentum" actuel du rapport: une 1. partie plus sobre, une 2. partie sur le "final stage" et une 3. partie qui décrira les stages 1, 2 et 3 en tenant compte des importantes remarques que vous avez fait et bien sûr il y a 2 ou 3 points très difficile que nous mettrons en exergue d'une façon où d'une autre, de façon à ce que vous puissiez réfléchir et nous verrons si le 12 et 13 avril nous pouvons oui ou non avoir un accord. Mais vous seriez très gentil si vous envoyez tous vos amendements avant la fin de la semaine, ici à M. Baer à la BRI, ce qui nous permettra aussi de reprendre connaissance de toutes vos observations. Mais je vous propose, pour qu'il n'y ait pas de tromperie, de garder le mouvement actuel des 3 parties. Simplement le stage 1 sera un peu plus détacher des autres et je vous propose de mettre à la fin la rédaction de M. Duisenberg sur les aspects proprement institutionnels.

**M. de Larosière**

Yes, but the proposal of M. Duisenberg has not been agreed as such and I see the major problem in it and that is that it delays until a very undetermined point in the future the negotiation of the Treaty. I have read it very accurately, it could be 100 years from now. So I have a problem with that, you say no OK we will have to look at the text.

**The Chairman**

Le Comité a quand-même travailler des séances précédents. Est-ce-que je peux considérer que ce point d'analyse est juste ou non? Le Gouv. de Larosière a proposé une phase 1 plus engagée que ce qui a été retenue et lorsqu'il a accepté que ça ne soit pas le coeur de notre proposition, il a dit et d'autres avec lui, j'accepte la phase 1 à condition qu'à même temps il y a un engagement d'un processus et il a dit



même l'engagement de faire un traité. Est-ce-que ça reste bien ça, votre base d'accord? C'est très important ça. C'était ça qui a noué la discussion et nous a permis de progresser, alors si on n'est plus d'accord là-dessus je ne sais plus où on va. On peut acter que des points de vues différents avec toutes les nuances de vos pensées, donc c'était ça. Vous retrouverez dans la 3. partie à un moment donné ou dans la fin l'idée selon laquelle la phase 1 engage un processus qui implique la rédaction d'un traité - un ce qu'a dit M. Jaans ce matin pour être moins brutal. Nous sommes d'accord là-dessus, sinon vous m'y annoncez tout de suite que le rapport ne sera pas remis fin avril. Mais c'était le point qui avait fait l'objet d'une longue discussion et si vous êtes d'accord nous reprendrons ce point mais sous la formulation de M. Jaans - c'est que la phase 1 est le début d'un processus mais que ce processus doit marquer une volonté politique et l'aboutira à la rédaction d'un traité, à l'adoption d'un traité ou d'un amendement du Traité de Rome, peu importe. Si vous êtes d'accord sur ce point je crois que nous avons levé une grande difficulté qui a été présente aujourd'hui toute au long de la discussion de ce matin et nous pouvons sur cette base-là rédiger sans vous donner l'impression que nous ne vous avons pas compris. Est-ce-que nous pouvons le faire sur cette base, c'est ça la question? Ensuite si la terminologie est plus au moins bonne, mais c'est bien cela que j'ai entendu.

**Mr. W.F. Duisenberg**

One question, Mr. Chairman, I send in amendments for Parts I and II which we didn't discuss. Do we also send the amendments for that part of Part III which we discussed today? ... In full, including what we already discussed today?

**The Chairman**

Vous allez recevoir un nouveau projet pour le 1, 2 et 3. ... Vous avez tous dans vos dossiers des amendements que vous n'avez pas cités aujourd'hui, d'autres plus importants que vous avez cités - vous envoyez tous cela avant le 20 mars. ... Non, non des amendements que vous avez aujourd'hui de manière à ce que nous puissions vous envoyer un texte .... oui, oui le chapitre 1 si vous en avez sont le bienvenu mais je crois que

j'ai compris ce que vous vouliez. Sur le chapitre 2 certainement et sur la partie 3 certainement aussi.

?: C'est le cas de renouveler ce qu'on a dit aujourd'hui sur la partie 3? Non?

**The Chairman**

Ca serait plus prudent. Bien, et nous tâchons de nous envoyer - we all do our best to send to you a new text before the end of March.

**Mr. M. Doyle**

Would there be any possibility of advancing that final meeting one further day to the Wednesday of that week? I am trying to organise a wedding for the Saturday. The 20th April could you make it the 19th April.

**The Chairman**

Do you agree with the 19th April? The Secretariat intend to phone to reach each member of the Committee to check that.

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**The Rt. Hon. Robin Leigh-Pemberton (First Tape 1849 - 1861)**

Would you allow an additional sentence to open para. 46, which is designed to strengthen the opening of the paragraph and to emphasise the importance of monetary union not progressing without a sufficient degree of conformatory budgetary policies. May I just read out what I suggest, para. 46 begins:

"As has been argued in Part II, monetary union without a sufficient degree of conformatory budgetary policies is unlikely to be durable and could be damaging to the Community. Parallel advancement in economic and monetary integration would be indispensable".

It is simply strengthening paralellism. It is a new sentence to open para. 46.