

Brussels, 29 September 1988

The President

4589

Dear Colleague,

At our last meeting, it was agreed that the Luxembourg meeting should concentrate on questions surrounding the characteristics and implications of an economic union consistent with a monetary union. You will shortly receive a paper prepared by the Rapporteurs which provides analysis and issues for discussion. The paper does not consider whether the economic and monetary union is desirable or even feasible nor the intermediate steps that could be undertaken to approach it. I do not think that these should be the subject of our discussion at this stage.

Karl Otto Pöhl has also circulated two papers, the first of which "Outline of problems connected with a European economic union" is as, its title suggests, devoted to issues surrounding an economic union, and is therefore relevant for our discussion in Luxembourg.

I am also attaching a paper that I have prepared entitled: "Economic and monetary union and relaunching the construction of Europe". The purpose of this paper is to recall the Community developments that constitute the background to the decision taken in Hanover to consider the issue of economic and monetary union.

I suggest that the discussion is divided into three parts: the problems, the policies, and the institutional questions. The issues for discussion identified in the paper prepared by the Rapporteurs are grouped by these categories. I also propose that a part of our meeting is devoted to comments and reactions to Karl-Otto Pöhl's paper.

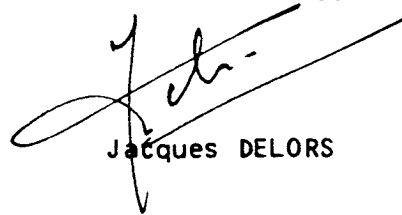
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The aim would be to be as exhaustive as possible on economic union in the final stage. We should get a clear idea of its implications and of the conduct of economic policy in an environment in which the exchange rate instrument is no longer available within the union. This will allow us to define the powers and instruments of the institutional structure that the Werner Report referred to as the centre of decision for economic policy. The subsequent meeting in Basel in November would then be devoted to similar issues concerning monetary union and the corresponding centre for monetary decisions. Indeed if we have time in Luxembourg we could have a first exchange of views on this.

The next meeting of the Committee will be in Luxembourg on 10 October 1988. It will be held in the Commission's meeting room on the third floor of the Centre Européen, which you should enter from rue du Fort Thüngen. I attach a map. The meeting will begin at 10.00 and will finish by 18.00. Mr Jaans has very kindly invited us to lunch at which Mr Werner will be a guest. It will be held at Château de Senningen (Tel. 348081-213) which is about ten minutes drive from the Centre Européen. Transport will be provided.

I should be grateful if you could let Mr Dixon of my cabinet know how and when you will be arriving in Luxembourg and at which hotel you will be staying if you plan to be there on the night of 9 October.

Yours sincerely,



Jacques DELORS

