

4th meeting of CSEU

Chair → refers to documents

Goelens has said it over,

others will soon;

idea of

Doyle → trouble with limitation to their own
authority

again

De Larosière → 3 amendments to draft on p 19

22

31

←
proposed not to
find the main
characteristics; it
obligatory have to
describe it faithfully

Chair → shouldn't change in numbers; 3 parts

Especially in version, logical consequence of hypothesis that

↓
but has to emphasize that it
adds something to the
community over and
above what would result
from the single market

today discuss part II → show the principles of the
branching order

part III → B is not described in as
much detail as D

↓
first stage, flexible, for some
the clear will be implied
& facts

Emphases → feels strongly about

scribing writing:

we have 3 components of final stage

A - what is wanted by 1961

B - Branching unit

C - macro-ec. policy coordination + transfer

well done in part II → of A + B → we need C;

but not addressed → if we have A, do we need B?

not part of the mandate, but they would not be
very distant; have to have a clear emphasis of the
pros + cons

whether at end of Part I or beginning of Part II?

Deißenberg → fails to see that, we have already 92;
not proposed to discuss that;

Don → use 92 there. but he pushed the point further;
of that markets do we have to aim at EMU as
not?

Poll \rightarrow panel starting point, might structure:

- description of situation

- where we are

part ii - what should be the final stage
 \downarrow
set of basic principles for
member states

part iii - concrete steps

Can we agree on the steps?

• difference between ii + iii \rightarrow do we need a new
treaty of the quality of the Treaty of Rome
what can we do
within the present legal framework?

There are lots of proposals \rightarrow i.e. strengthening of C. of Gov.

pre-conditions for accession, 1) all must be
members of ERM

2) set up a timetable for
merging the market

But all members must accept the pre-conditions through
their policies to perhaps
problem

3) that all member countries will lead
to a narrowing of budget deficit

we cannot sign a treaty, but have to set out
the principles

from or coming out, then to come to a report;

Hoffmeyer → Lami's point, shall we substitute
EAM or consequence of B?

wrong question → we have had
independence for a long time; these
are

don't ask the question whether it is necessary
to have EAM

● Lami → question should be:

What can let EAM bring to the
process of present independence in terms
of phases + complications

Chen → EAM from another value? (yes to G.
Dhikri)

● L-P → things falling in Bibit Gov. that we are
on the way to B; other elements are not
necessary for attainment of A!
not valuable to argue
to have B + C;

bit on sc. issues needs to be strengthened
parallel degree of sc. measures
- why do we want to go to B
after B?

Cher → LP cannot be essential; if the
objective is to have some thing that has
to be accomplished

|| either ERM will strengthen the
European economy; have to
explain what ERM can bring

○ ERM not necessary for achievement of
single market; ERM presents advantages
in itself

Thygesen → Part II, that in the benefit of all
there are advantages of single currency, fixed
ex. rates;
arguing that the stage out of the
system

Bayer → ^{dangerous} ~~dangerous~~ to state that ERM
necessary for 92; but high British Gov. have
said that free capital movements require
floating ex. r. but that would be back-
tracking on objectives and in case of exchange
problems; rather reinforce ex. r. discipline
↓
we should say that

Cham in context of freedom of capital markets

- 1) banking supervision the same? yes!
- 2) prudential rules " " "
- 3) less than one looks to institutions? structure problem
- 4) can we have a system of currency in the bank + non fully floating
↓
will have to be maintained before 82

Cham: have to highlight the advantages of EMU, but also emphasize that what is proposed in 82 needs additional things, other than the centralizing

essential to emphasize both the role of ec. + m. union; they are essential components of the same thing; have to be implemented in parallel; EMU not useful without M.U.

expect → which steps can be implemented without legal change, and which require legal changes;

same steps clear → all members of ERM narrow
increase in power of C of Gov.
not a legal change

highly sensitive work - they → new Treaty

Chair → an methodology → Part II + begin with Part III, keep ECU apart.

and finished with II + III;
due to institutional problems → answer for participants and the Commission;

↓
when new Treaty → becomes labor

Duisenberg → on Com's part.

is 92 a viable proposition in
the longer run with an existing
system of ex. rates, without
steps towards EMU?

or are there other reasons because it
is an own mandate and your
added value?

Cholitzky → in order to circulate what we
can do by 92 at least need other
public in form of macro-policy coordination;

~~but~~ but mandate clear; we
can state that macro-fiscal coordination
necessary for 92;

also money things can be done
on the existing institutional framework.

there must be a commitment of all countries
to participate within a certain period in
ERM + to reduce budget deficit

Chair → to consider 2 questions:

what compliance measures are
necessary that to be successful +
that freedom of capital movements
achieved

what are the pros + cons of ERM
what is the additional value

now Part II

↓

it was his request to have a distinction

2 decision centres

↓

but for ec. decisions → only what is
necessary, common acceptance of constraints,
coercion → a more radical approach would
be politically rejected

independence of MC, then a greater
transfer of decision-making to EC.

don't want to bring Community into a political union;

fraternal relationship between EC + MC needs to
be discussed! without drawing up an institutional
framework, very complex.

- ECU as abstract unit + different tasks, then tasks
with question

- principles of Europ. monetary order / in Pohl

- ETT, who of responsibilities

- fiscal + m. policy not enough as a basis for EMU,
common determination needs to be strengthened;
stability of funds not so important as change
in the policy of how the funds be used;

- final structure of FEMU, who claims? ...

EC maybe less of a transfer of sovereignty;
when Europ. Central Bank the national central
banks will still have a lot to do;

de Larosiere → his 10 page by page

p 4/5

Hoffmeyer → sub. unity, especially for the first time;
arguments for "the strong", on fiscal rules
principle of subsidiarity
↓
should be explained in
greater detail

conclusion on requirements in monetary p. 4.

- 1) 1 currency
- 2) 1 central bank → change all national laws
- 3) Decisions by majority

implications in fiscal field:

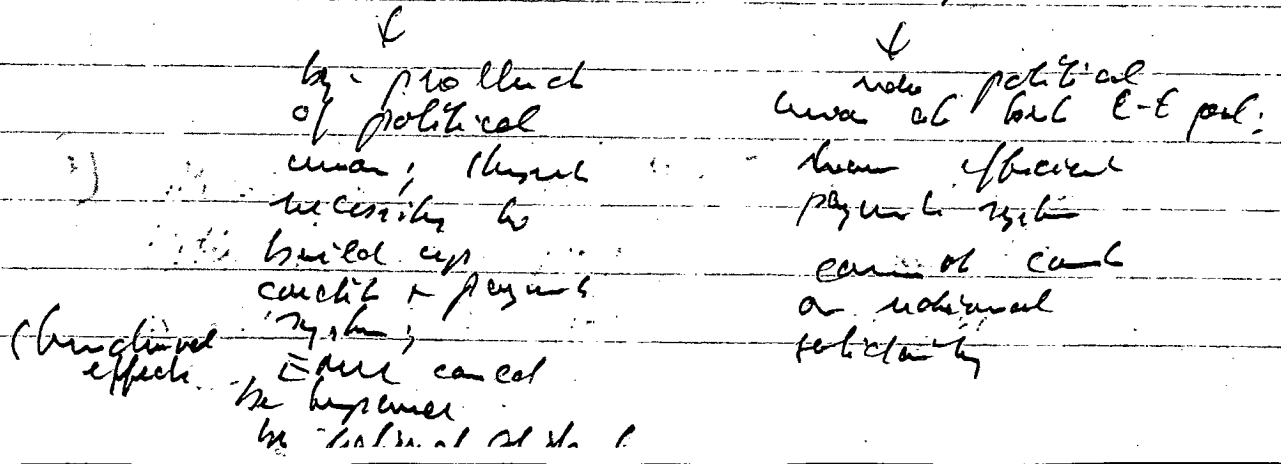
- 1) system for rules on budgetary policies: limits on deficit
- 2) harmonize the welfare system (unemployment ...)
- 3) harmonize the tax system
- 4) harmonize wage policies
- 5) harmonize system of transfers

These conclusions have to be put together + show how far-reaching the demands are

de Larosiere p. 6 ⇒ editorial amendments

Zwaan → say something about persistence of EMU,

as the recent history + as European view



Law → p 5, second para on subsidiarity

should not give impression that all powers are transferred, but at the same time we should not overplay the fiscal constraints

if not spell out Law + by when implemented;

but the constraints should be mentioned

While we agree with the principle, we are going to make it clear that a number of important constraints will have to be accepted in national policy making

Wyle → agrees → definition of what is strictly necessary

2 problems with this part: 1) frequency of market; EU + MCI → sequence is important; do not accept to move from 12 via MCI to EU, other way around;

only if fiscal & transfer have operated for some time we can contemplate this

2) shock a lot to MCI but relatively little to EU; preparation on MCI might not be politically acceptable everywhere

shock a lot of importance to that!

Chaplinas → fact para 5, will give insight
degree of uncertainty to member states →
not specified;
also coherence of style etc. +
ambiguity is assumed but not explained

Chair → consistency has to be assured,

on Doyle point → skeleton should be ^{emphasized} ~~there~~
parallel movement

Pohl → agrees with Doyle → emphasis too much
on EMU + not ECU; mutual dependence
has to be emphasized, also political
cohesion + solidarity ~~to~~ be made clearer
at beginning.

change the order → let EU, then MU

MU cannot be a whole

Chair → subordinated paragraph

Chair → shows the concerns of those ^{who} emphasize the importance
parallelism
but if begin with EU, no dependence;
from ethical point rather to begin with EMU

Chair →

Poll recalls the mandate, which points to a clear

Tavares → same conclusions as Pöhl, MRM only
after high ^{degree of} ee. convergence has been achieved;

↓
more balance between the two; parallel evolution
impartial;

impair the role of regional policies!
↓

Thygesen → happy with balance of the report; makes
demands more stringent on ec. policy
than necessary;

1) importance of subsidiarity → in markets
area intervention needed; that does not
apply to fiscal policy

2) it's a central budgetary convention

3) ec. union is not well defined, only
in the context of MRM

MRM before EU

Coodevant → agrees with basic idea of parallel MRM + EU,
agrees on parallelism with Com + Thy

last substance I remember:

MRM as the 6th step in EU, you have
to begin with MRM, which is a better
European concept;

Boyer → emphatic principle of subsidiarity,
subsequent developments should make that
clear; don't over load p 5

will transfer the C bank + single ec.
but the heterogeneity will be much
greater

Let me open myself to economist
debate; parallelism is the answer; not
impractical what can be done;

~~let's not start an EC~~
how about EC merger? Involves a great
transfer of authority. Central banks will have
a great deal of influence in the ec. field

James part II not balanced; belittles the
concerns inherent in EMU, the
price to be paid (fiscal policy = choices
of society) must be made clear

Thy's argument → centralised character makes not
inherent in monetary stability,
see G. Pruckner, M., + C.H.

Corrodiere → agrees with Cam, Thy, Boyer

Pluhio → statement is unbalanced, more detail
in the area is necessary for this committee;

order is correct, responsible to define EU

There are different definitions + only in context of EU;

Ciampi → there were the ec. constraints, in p 5,
simplifies the final form of p 5, mostly
p 10 where interdependence is not
clear

agrees with general structure

● Doyle → hasn't changed his views, EU not well
defined but essential point → if enough
political will, EU cannot be set if would

Hoffmeyer → agrees with Ciampi

Cherif → put on EU not specific enough;

● repeat stress that parallelism; Stamm's says
AM before EU

de Larosière → in p 5, ... of a single whole.

... a distinction or division between that
of that. The first section deals

interbank and + parallel progress towards
ec. union

Chair p 6 x 7

de Larosière p 6 → first sentence
↓

not time to say that EMU allows
for coexistence of several national currencies
whose parity is fixed,
too much emphasis on single currency.

Chair → important point, for dialectical reasons;
single currency → has advantages

Chair → wants to emphasize that too, shows that
it not a further whole, once reached
without further progress being possible

ambiguity is the ambiguity, then
further progress can be made

edit word ~~to~~ "ultimately"

Pöhl → wants ECU first, but accepts majority vote!

Chair → ec union the present or wished by 12th Gov.

Delors → first para too one-sided
inconvertible stacked ex. notes
+ some monetary policy = EMU

transition to single currency is not
an essential element, then no need
to introduce as. currency can be adaptable

severe disciplines of policy coordination, final by
commitment + then by majority decision

de Larosière → introduce a common monetary
policy (at the EU level)

Boyer → common monetary policy not part
of definition, but consequence
use lower definition

repeat the classical definition + then
go to consequences as an part

but when different answers not
yet perfect substitutes

de Larosière → agrees, stick with W definition

then acknowledge dealing with money

Can → single currency only necessary when it's
not possible

Hayle → high answers represent the economies,
only ethical, if consequence of the economies
↓
practical step before

convergence of ... before the ...
Dinner Phys

Johns → Introduction of single currency → could
p 6 lead to the issue of parallel currency
pwa 2 avoid

p 6 para 1 no reference to benefits

only effects of monetary integration

Chair → Ambassadors change part/obj; should
he stay on?

why ...
Chair?

... for ...

Afternoon

- start with ...

Chair

- question of single currency more
conditional

but one monetary policy, one ex-r. policy?

L-P →

Hoffmeyer once said that as long as national
currencies exist, there will be perception of
different currencies

↓

thus since we have technical etc., it
might be important to move to a single currency
for operational reasons etc!

Boyer → as long as national currencies exist
there is the danger that always the danger
that one country wants to change the
parity

Rehbein → suggests an inst. set up; if Europ.
central bank has right to issue currency,
rights of individual central banks be limited

Hoffmeyer → would it not appear to have an ex. currency; ///
this would make ex. r. credible

Chern → p. 8, 9?

Doyle → kind of offer spreads → overvalued!

C-P → however → guarantees have to be increased,
perhaps in connection with ECU,
have to be credible if we ever change to
single currency

Boyer → ... covered and over a time span?
after many several years? member
→ certain period of time

Levin p. 9 is that the place to talk about advantages & drawbacks → at the beginning of Part 9

de Larosière → p. 8 line, consist of substantial
monetary policy ... more difficult

had to pass → if instruments are
harmonized, then done

instable of para 9 → not to.
Concerns the cost, but removal
of uncertainty & complexity

Cher → p. 8 second

Young → since ext. r. are fixed ... if level
of funding has chosen correctly, this
problem not addressed.

impact of ext. shock ... (further down)
still as strong as before

Hoffmeyer → gain of all must be higher growth,
structural unemployment in some area

Caution: report promises more growth without all
what if they still to be printed?

They → Godeaux report promises too much,
comes too fast etc. v.

can we put in p 9 commitment of
costs of having the ex. v. as adjustment
mechanism (higher interest rates)

etc say that members of ECOT have
not had the ex. v. → must be a sign
that it is not needed

Hoffmeyer → essentially about cost in terms of using
ways

Godeaux → agrees with Carl 2 times with They

Boyer → much less open say will be less
sensitive to outside shocks

Paradoxical

depression,

convergence

advantages + disadvantages → Grol + Thygesen

↓

lower harmonization

unemployment

lower interest rates

competitiveness advantages ruled
out

rejection of
inflationary model of
ex. v.

problem of symmetry
(system not in
balance etc)

removal of ex. v. adjustment

Röhl → risks + problems on parametric party, there'd
be shown more clearly → burden of adjustment
on other policies (monetary, fiscal), there warning
that it could create very serious problems

James → James

Case → advantages of optimum currency union
where advantages of freely adjustable
exchange rates

p. 9

Optimum = P2 + coord. of policies (fiscal
+ transfer)

advantages begin to outweigh when effects
of EC union are in place

the greater the degree of mobility + the greater
transfer + EC policy coordination, the greater
the chance that policy can prevail

Chelidias → p. 8 looking for ex. rel. union. Myasnik
domestic harmonization less open

↓ change

Further
p. 10 [indicators → it is true that
high indicators do not play the same role?
Can still use them as policy indicators.

Chair → actual physical borders, will we collect the
statistics

Valarone → even if you have statistics, because no effect
on the ex. markets

Pöhl → do we still have statistics?

Boyer → each country will have national accounts, then
you an external account

Pöhl → no gap in the currency

Boyer → difference between domestic demand \times GDP = ext account
but the real balances will exist. There will
be countries with surpluses & deficits
but countries will not have to accumulate
reserves

Law → on EMU, differences between regions, with different
conversions, balance have effect on ex. a.
but with a single market → imbalances unemployment
a problem of activity

Boyer → gap statistics can be easily collected; will still
ask info on ext. transactions

de Lar → what disappears in the immediate constraint
from exchange markets
also, we want to do away with real wage
& accounting

Boyer → in discussion with de Lar, there will be gap!

Gianni → p 10 3rd line reference → speak of
parallel paragraphs
same 3rd line under 3

Doyle → must have had doesn't make the
problem go away → perhaps missing
a major ^{policy} instrument



p 10 safeguards → alternative policy instruments
are needed

L-P → 100 years ago, we had papers →
might be the gold flowing out, triggered
policy responses

de Lar. → trap indicator less clear, but
problems will not disappear

Choffin → in summary, same as Werner
p 10 with the elements → 1. lock or one currency
→ one central bank → ^{don't} national bank
central bank
→ decision-making by
majority

Pöhl → better and institutional

de Lar. → p 10, summary again.

Chair → EU (structural structure)

- ↓
questions esp. about
- transfers,
- fiscal policy coord.
- EFTF

Chair → political dimension, a dimension of social choice

ask why Germany & not decided against Portugal,
answer → Portuguese ready to move; if they
were not ready, not an optimum currency area

then there is a social choice → if people don't
move (have to accept this as a fact),
political decision is needed to have transfer payments
& fiscal

↓
that is a political choice; there is no
technical mechanism to deal with this.

if people move & accept much lower wages market
mechanism works

Chair → but not only labor mobility, but capital
labor mobility has increased, migration within the
C blocked for about 10 years because of unemployment

Chair → have to think there won't be a social choice

LP p 16 end of middle para →
politically difficult

learn it to reach of state
of how to answer this

↓
income policy, social dimension
increases to through wage setting procedures

Cher → plays to treat all problems, not useful
to refer to social dimension
towards an process + income

Boyer → if process out of line, what can Cam do?

income policy might trigger off a political
discussion; but H. of State must be made
aware of need for strict income policy

Chair → assume there are no elements that a
country in official area - the other
+ income and monetary policy
and of one country out of line
will the others not say shall we
pay for that → pay more for the others

de Lar → have to understand concept of control of
fiscal policy + regional policy
don't worry about price cost differences

Boyer → what else is there but regional policy at Cam. level
Chair → technical cooperation

Day 6 2 kinds of problems

a) Behavioral behaviour

b) structural problems

↓
policies to help them to
produce competitiveness

but have some this effect → but problems will
exist; don't know what to do!

Union of Europe not analogous to USA;

Chair → take example of road transport; without harmonisation
all the truck companies would establish themselves
in Portugal → Germany then ~~the~~ accepted
it only with maximum degree of harmonisation

↓
that must exist

Chair → you face structural problems, EMU should not
be subject to misuse, one country trying to
take advantage of others (not applying taxation
to attract business)

- important guidelines on fiscal policy

- structural problems in the light of
the 1992 treaty pose another challenge

perhaps need of longer period of transition

Chen → - high market increases the risk of
deregulation + needs policy

Rubio → in Spain not just a price and
business expansion; very difficult to see
what will happen in regions over a
period of 10 years; there are problems
of roads, education

Delors → can we not say that experience of
Spain was more favorable than expected,
that regions with poor infrastructure benefited
greatly

Bayer → conclusion must be not simply financial
transfer but improvement in infrastructure

Chair → schedule too technical, broad ideas
must be more clear

- Chair cannot use ex. v. to
cancel deregulation
- cannot have face accept countries
on their policy
- must be given the means for
improving the production capacity

Bayer → an EFT → what is the minimum
= limitation of deficit to have to
finance them; lets not go
any further

resistance to ERM will be greater than resistance
to Euro - Central Bank

fiscal harmonization should be fixed, but within
limits; helps some countries to develop; if
go too far, the less developed will have serious
problems; differences in tax levels are
needed; also different

Lam → on fiscal coordination + central bank
agrees with the tone of the law. Anticipation

but need one year to deal with the
idea that markets will impose constraints
on spending; have to be observed

local level of taxation; business will pay the
price; this has to be considered

Pohl → in middle pass → strict limitation of
lending to governments

agrees that if M1 wanted, the resources for
regional policy have to be increased

Chaliquet & agrees with strict limits → also think an
abroad → see narrowing

Chair: p 14-17

Doyle: p 15 on first para; too fatalistic
and therefore inadequate

Pöhl: ~~has~~ contributes a paper

~~increases~~ ^{adds} with substance of 4; but
much has elaborated, not the mandate
to discuss the legal aspect

↓
Europ. central to be set up in
a Treaty, intergovernmental negotiation

shorten p 15 + 16;

as in his paper, numbered 12, replace 15 + 16
and keep introduction of draft

de Lar → in favour, Pöhl text says what needs
to be said,

the only thing to be said in the report →
a Treaty is needed leading up to the ultimate
stage of EMU. But there will be
procedures for moving from stage to stage

but might have say something about
accountability, report to EP as Council
of Ministers?

enclose
the whole
of the
process

Boyer → Monetary → 2nd decision making body;
this is a technical question

→ relationship between parliament
& and Central Bank

→ voting procedures not
unanimous (is a political
matter)

object → will regulate overall monetary expansion
& money in circulation

location of institution (to be left
to government)

C-P → has to be discussed in debate; less inclined
to leave it to politicians to discuss details;
own judgment

halfway p 12 → regulate money in
circulation; to whom
to give that responsibility;
by how much it is
to be regulated?

→ independence → yes, but might
not be passed politically,

may have to look at the statutes of other Central
Banks

have to discuss in detail & spell out the
specific terms passage on independence

↓
difficult to see a central bank not operating in
support of a politically elected government

Pohl: agrees that central has to be included in
the European treaty framework; as in the
skeleton ~~text~~ introductory para

should not have a discussion on all the details;
Committee should make recommendations;

We need a legal framework for Europ. central
bank system; skeleton should be negotiated
by experts along the following features

if on detail → would have to go through it part by
part

--- should report to a Committee of the Europ. Parliament
(as Fed) but not to Council of Min.

Location of institution → political decision

Tell the Head of State, that if you want a central
bank system, you will have to discuss these questions

C.P. → let us not rush it too early to report;

Pöhl → attracted by legal framework,
will be the outcome of ^{political} negotiations;
on the draft

the line → goal to regulate ...
in NB → to ensure the
value of money
& instruments are regulations
of money supply

- Hotel
- 1) instruments not used → legal ownership & management of foreign ex. reserves of Com
 - 2) should be charged with banking supervision
 - 3) seat of institution, Amsterdam

Hoffmeyer → Pöhl's. better; express the political decision; Gov. should fill out basic political decision

de Lar. → Hotel → accountability; ^{of Council of Min.} (not acceptable, there may be a shift in this direction;

Pöhl → doesn't want to propose that; would accept the political decision

Prins → on accountability, has to ^{publish} an DR to shareholders (who takes notes)

Lam → accountability has to appear in section on independence

→ external function has to appear

→ prudential function, central bank should not be excluded

Pohl → re draft Part II

Boyer → 2 governing boards?

Chair → explains 2 boards → Gov. in supervisory board

Boyer → there must be some relationship with the political institutions of authorities of the Community, that at least, should be mentioned.

if not mentioned, the political authorities will introduce this

monetary policy consistent with ec. policy of whom?

consistent with ec. policy guidelines issued by the Council of Ministers & Commission

ext. functions → will the Bank intervene in the exchange markets?

Chair → Lam to discuss first the function of the Bank in the final stage

Cragin → agrees with distinction between executive board + Council

balance sheet considerations, must have capital
this principle should be maintained; must
have capital + fx reserves

accountability → through AR, consistency with
general ec. policy; but in claim that
the Bank will not lose sight of stability,
the fundamental requirement

Goodman → points to text of Pöhl paper → it's
Duisenberg → inhibit stability of value
of money

Robin
~~Harvey~~ → happy with Pöhl paper, doesn't want to
talk about the governing bodies;
most important → independence → not
only procedure

also don't confuse objectives + instruments

Chav → but have to state how we envisage the
independence of the Bank, and how
consistency between monetary & ec. policy
ensured

those parts of Central Bank act, which are relevant,
should be in

Porter → words joining the Com the right to
issues structure are identical in NL + UK,
but practice is very different

Thy → has sympathy for L-P, Commission should
give advice in greater detail
balance between central + national
influence should be clarified; details of
multi-national structure should be discussed

Chair → p 17-18

philosophical issues

Chair → time is limited; but reader is not satisfied;
could we not try to say something about the
structural requirements that these entities would
have to fulfil

what would be roles with respect to
transfers, budgeting policy, policy mix, relations
with monetary centre.

Chair → suppose, EU → EC from fiscal coordination
and policy mix

but is ECOFIN meeting (1970-1971) able
to do that? → later Commission
as other bodies to be established,
accountable to EP EP has joint decision-making
powers with respect to budget

Should there not be a bi-monthly Council of Ministers?
of or give the power to Commission?

But difficult to ~~take~~ ^{take} with this; too far
into the future?

Boyer → look more closely at type of decision
each year → limits of deficit

function
transfers under regional policies
will derive from monetary policies →
might give ceilings

↓
these limits of deficit = by-product
of monetary policy; once a year

Chavis → more complicated → a country receiving transfers
under regional policies also receives money
under different C-policies, reaching 5... &

also convergence procedures must work very well!

Boyer → problem of deficit + problem of C-budget

James → include definition in Report what De Larosière has
said; institutions will be transformed, have to
make that clear

James → 2 reasons a) blockage of certain monetary
procedures

b) overall freedom of the budget
US has no fiscal policies + no

Europe does not have;

danger of not having a fiscal policy → all
macro-ec. policy cannot fall on the Central Bank

↓
can belong to

fiscal immobilization from structures that are too
complicated should be paraded out

Cherif → follow Janss suggestion; spell out the problems
but have to say more

↓ the institutional level remains
national development policy

Ex. Control of national statistics → if C-rate
would be applied strictly

↓
politically impossible

look at Boyer's example → low level of
compulsions contributions to social security in
countries with low rates is cancelled; but
to do something at the C-level;

could cause crises!

Community should not meet all in that; Gov.
must be able to pursue policies in line with
their own interests!

have to specify what can be done
at C level

Common policies in 92 employment ^{policy} will be 3% of
insurance directed nationally to this purpose

Public → it is dangerous to put too much emphasis on
monetary policy; but formulation of
fiscal policy very difficult, can hardly
go beyond limits + funding.

Chair → shall we try to be more outspoken

EC = centre for coordination of ec. policies
shaped by

Hoffmeyer → let's bring precision on what should be achieved
in each of 5 parts

certain level of → ^{welfare} ^{level} harmonisation of ^{ecol} policies

this framework not easy to describe → leave it to
heads of states, but make it a precaution

Chalobias → try to impose fiscal discipline through rules;
how effective can they be? No limit with large
central budget → may larger (budget is increasing)
for effective fiscal policy

Chair → assume that a country hold not more than 3%
of GDP; must borrow; i. rate ↑ → no convergence
in int. capital → must be public procurement
instead; Council of this must determine the
policy for next year → more harmonisation which
will impose constraints

Bayer → also limits by markets

Law → but what will the (ex. rate) policies
bring us the rest of the world?

Chair → responsibility of Central Bank → has the
responsibility to ensure stability of money;

de Lar → explain clearly, why it is essential to
have a center to make decisions at (-level),
if a central bank has to make ^{the} decisions
on growth rate, its role would be too
great; that would not be acceptable politically;

Center is the center weight → must ask itself
for what growth rate to achieve, what fiscal
policy;

but need some entity → cannot be the
Council of Ministers, if it were an executive institution;

Chair this responsibility must be fulfilled; this
involves a balance (with ex. rate) mechanism in the
medium supra-national level

only if Council of Ministers not finished;
then think about something else

Bayer → change name → Center for coordination of
E.C. policy

Thy → somebody else in the C has to
think in terms of macro-e.c., especially
external balance of the C

Chair → p 13

a Treaty to be ratified immediately?

Treaty necessary → at once; or at a later stage



Then during first stage
no change in Community
legislation, i.e. Pohl

but for the law → either a Treaty

Goelmon → framework Treaty; cannot conclude a
Treaty at any stage

Hayk → a full treaty now → changes that arise will
be anticipated in a few years, then
Treaty revision

Chair in paper too short; Best alternative:
carry on as far as you can; which will
bring us up until 82, until fall out of
single market becomes clear

we should not come out in favour of one

Jacobs → not a problem of constantly changing the treaty → see EMS

a financial treaty with enabling clauses might provide political framework
they have a just substantial step
then a second one with a new treaty

Chaffin → how far can we go without a treaty
section II → to strengthen the existing institutions
- then go to re-make deliberations

we have to say how far we can fall
out the scenarios without a treaty

Rubio → experience of last year has shown difficulties
in strengthening the Gov. Council, because binding
rule cannot be accepted

What will be changed without a
change in the legal framework?

Why that we not get farther!

Stromberg → they only if we have a blue print of
where to go; must have a clear vision

looking at scenarios, we come quickly to
change laws;

is legal changes classically the
same a change in Treaty

Chair → not all the time

Principles → the law. the needs
legal change

Chair → Scenario A has detailed
" B not explained properly,
asks the law to explain his progress.

1) Gas. C + Community change (central treaties)
2) change in treaty

the law → but scenario is not on Gas. Hoffmeyer
page

the scenario
represents
an
change
↓
principle of Treaty amendment accepted;
the first step what he did involves,
whether treaty or not, etc legal
experts → yes, without Treaty, but
changes in national legislation

fund set up, purpose to influence, involves
policy areas, administrative issues, influence
under present conditions, only under consensus
→ have a monitoring analysis step; but would
make it easier to come to conclusion on the
basis of monitoring progress in the Community

Structure of think-tank on monetary policy →
Monetary Committee of Gov.; small management; 2 Reps.

a small step;

Why character in treaty

Chair → only for participating central banks
in narrow band
some seats empty

de Lar → great hope has been created; in Hannover;
must have something visible

might to draft immediately a treaty

Lam → embryo when Feb up?
and drafts of treaty drafted

de Lar → depends on how much from the
heads of states, embryo cannot be far
away

Lam → why not add Pöhl things

de Lar → ok

Chair → 90 should be the year for the 1st step
& certain indicated content in that;

L-P → p. 13: not acceptable to have a
'2 speed Europe; that would be
Cush remark;

de Lar → insists on having his proposal featured
in the report

Prümberg → can have a list of proposals
to heads of states

ambiguity = setting up of institutions,
requires amendment of the Treaty

C-P → probing, = remainder of reserves

Hoffmeyer → some members propose this
others this?

Chair → today only a review of part II;
a new draft ready for Feb. meeting

for the time being, a text less detailed;
more political

could add annexes for more detail

as for Part III → clarification of old law proposal

↓
requires amendments
on national legislation
+ possibly on treaty

not done, discussion of steps
of role of ECU

some difficulties

April 20 in Brussels?

// or preference to stay as in Doherty, on the 12th?

ECOFFIN 15-16 May

check with Pohl

post - market

- new part III; exclude vote of ECU

- clarify difference between 17(2) & 17(3)

reintroduce p B into part III

introduction

1) what are the ~~main~~ main consequences

↓ adaptation

+ modification of Treaty

2) what characterizes the 2 scenarios

↓

in case 2 → Treaty must be revised

↓

B

↓
Treaty

but this can be implemented, and directly
be incorporated into the Treaty

change in
mechanical translation

stage 1 of B → ~~all of~~ only EMU
participate shouldn't mean
put down / it close

" 7 B → all can participate

unambiguously

as before

- section on legislation
- section on 2 scenarios
- ~~abolition~~ abolition of part III

of several banks have = to
worked this law = to
- it is necessary to
with provisions for perspective
out of the banks?
of +

in accompanying letter
reference to ECU
drafted since it
will be identical
- parallel currency
- role of ECU as
single currency

3 possibilities

- change in not used legislation
- accord intergovernmental
contract to ~~grant~~ allow
banks to conduct in
agreement with ~~an~~ allow
to ~~can~~ to set up
a fund

- accord intergovernmental
in treaty

Mo → letter to Klaus

- preparatory list of paper
- send Gov paper

Ziel or (4)

branching in
re. union

- prepare discussion
of ECU R 30 - 17³⁰
- review part III

for cc. unan →

value added → of EMU; at end of part I

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