

10/2 Jan 89

(Pöhl - Current Thes.)

Pöhl → when pub it

Chair → in Feb. → ECU

Regional policies

then ECU ↔ M4

↙

if too strong, Gov. might be afraid

say like March

review April

Chairwoman → want, to see result of discussion of our pub it

Chair → ok; pub it at end January

provisional meeting of ECU and M4 balance

Pöhl → demand, us of his paper on ECU as parallel currency

Chair : Agenda :
- end of Sept. final L.M.
- informal Eco Fin Meeting in May (Gov.
participate)
- then Euro. Council

do you feel that of report has been carried over;
if there is going to be technical info
↓
to this Committee?
or would Committee handle?

What would be response if Committee asked for further
work?

Ans.

- 3 stage : 1) Committee
- 2) Community bodies
- 3) intergovernmental ~~Committee~~
steering group after
political decision

Pöhl → first report & don't make this Committee a
permanent Committee;

This Group cannot negotiate & Treaty

if additional work → Community bodies

Wittgenberg → second section p? + IX → reference to
procedures similar to the
one



too soon to hand it over immediately
to intergovernmental groups

on June → political decision → then many
functions before introducing it in a legal Treaty draft;
all technical questions should be resolved and
by Community bodies

de Lar → yes, but careful: if report finished +
if Head of States ask for further info
(+ detail), the Commission of Gov. could
look after that!

Res. Com of Gov. should be the choice.

Pöhl → ok, but the Group be dissolved; the
details in his report should go to
competent bodies → regional policy

already now some of this feel left out

Hoffmeyer → structuring line between technical questions?
e.g. Europ. central bank

Chair → Pöhl suggested last time not to give too
much detail

thus a somewhat brief report, backed
by technical papers
(by chosen main principles)

a workable report!

Hoffmeyer → function is: handed over to Head of States;
technical questions to Econ. Socio
and political questions to
other governmental committees?

Pöhl → ~~not~~ influence by the government to C; only
C-bodies; there are no political decisions,
not technical

Camerons only for free press

Chair → Treaty drafting in hands of Ambassador. goes

but what between a harmonious period, when report handed in + drafting? Who?

'if good criticism, no meeting of Committee
(or otherwise?)'

Chair → functions will be divided, how to implement
some working of report; have to decide
who will give guidance to implementation?
Physical Chairmen? Certainly not all
inclusively [members]!

There is a follow-up possible!

Chair → after Europ. Council, we could hold an
informal meeting; ^{e.g.} the beginning of Council
meeting

Report largely from Bureau Report, but more
participatory. One session + Generalized

Rubbia → of Europ. Council asks for additional info,
difficult to surface!

Chair → as soon as negotiations, not in Committee

Griego: → ~~to~~ programme

Day 6 → common sense position on interparliamentary
but also Committee, there are other
Comm. bodies

Chair: Work programme for ~~first 3 months~~,

- Part III + Ecu today

- if part II + Ecu concluded → in Feb a
new draft of section II, taking into account
final in Dec.

✓

give an answer to → if not too much
broader but on monetary difficulties, irreconcilable
+ discussion on regional policies

✓

conditions which have to be satisfied
for creation of Euro

✓

i.e. beyond Single Act!

Single Act might strengthen of cooperation in
macro area

In March full report

then review in April!

is this acceptable known to Part II

Should we choose the 2 scenarios in general?

* Pohl → no reason for confrontation, but an acceptable if up to you consequences of choice between 2 scenarios (which are equal, of course though)
that is not the case!

cannot accept scenario B, should aim for one scenario

On p 5+6 both Scenarios see p 5 → gives the impression that A less problematic;

new look for p 5+6, depends on a more balanced way

see book [I don't put this in the slides]

an institutional and legal problem of Scenario B!

1) What institution can do better? implies gives impression that we are able to manage the EUs by an institution + main purpose would be to coordinate enforcement w. a -air, 3rd countries
mainly regulation, coordination \rightarrow mentioned in last place

2) What institution to improve the functioning of EUs, what is necessary is that all countries are able to participate; should include all

members, that should be emphasized as the major steps towards more

Legal construction: 102 A classified rule

"goes from Article

"mechanical changes, provision of 236
applicable"

applies to any P.r.b. change in area of members
policy

thus ERT falls under 236

(could be done)

(only in context of Treaty, including no specific
powers for Treaty)

There could be an alternative → change national laws,
in Germany that would mean changing the BBE law,
perhaps more difficult than Treaty

not possible & acceptable to have a Council
decision & leave it to Gov. to fill in the details

for legal reason Scenario B not possible;

thus include part of proposal under B in A
e.g. Committee for banking supervision

+ 2 other Committees: 2 in ok law proposal
coord. of ex. n. policy
" " " in members "

as long as the committees have no decision making
power, possible without a treaty

2 substantial climb from B taken over in A
but ERT not acceptable

if Committee not prepared to follow his suggestion,
the Report should indicate clearly who is supporting
A & B.

not to give impression of choice

Piller. 1) cannot accept a draft without ERT option, i.e.
by no B scenario; option!

2) fails to understand why proposal is difficult
to understand & accept;
emphasis on ex. n. does not mean
emphasis on understanding \rightarrow when imp. impact
or lack of measurability, ERT would not
act; not a big bullet point for me neither

fails to create a ^{timed} perspective forward, or future
European central bank system. (\in CBS)

an 6 institutional charge \rightarrow by law must be legal
charge either nationally or Treaty; which one has
to be judged by legal specialist

3) fails to understand why inst. charge does
not make it conceivable to have it; if all
kind of decisions to ~~the~~ not pending much longer
what are we doing; mandate calls for long bracket

Euro; inst. changes are not excluded,

if some inst. want B, have to tell those
who want it as well

point of fact \Rightarrow agrees with balanced book



but one fact of today;
inaccurate in first tries;
it is because of the
difference of the frame in the
balance; nothing important has
been done

Pöhl \Rightarrow can change deal;

but an legal chg. \rightarrow far reaching; a new Treaty
for ECBs; but not envisaged before having
agreed on framework of the system; the Law.
proposal is a procedure which does not lead
to ECBs

the Law \Rightarrow more agreeable if integral part of
Treaty revision?

Pöhl \Rightarrow yes. e.g. in favour of reserve pooling
if there is a ECBs, but doesn't like
clarifying a little bit what not more will
happen

* G76 - Proposals → the breakdown of scenario B
gives greater headache; same conclusion as Pöhl + Thygesen
by avoidance

*

another reason → it is conceivable
not to have inst. change; of course
not, but not in shape I;
biggest change in Timothy; lots of other
political particularities;

If proposal is to be received,
no Treaty change in 1); in the
ERF would need legal changes →
unpractical likelihood

proposes shape I without legal
changes; of course harder to implement, same
body of the proposals, might be
possible

3 Committee might come into existence
+ permanent research centre to typical
for Committee.

Thygesen → agrees with main argument that such
changes are proposed which have to be implemented
soon; that striking aspect, from shape II
analysis, practically identical
seemingly presentation, take out aspects

agreement finding?

If paper 1546 correct, in Pöhl's plan → only a
central bank can do it; same objectives operational but

only to the centre, would correspond to
BOE run by central bank centre

3) BOE has limited function in stage I; subject
to unanimity + some analytical functions
↓
to what extent different from present arrangements.

problem of BO, only temporary, run for a
rather short period of time; part III shows
long-run agreement

also stage 0 and II - not so?

on Pohl's compromise suggestion \Rightarrow Euro. Central bank
would not be in control of something more than the bank;

could have more central bank functions, to
central bank, but only advisory

needs only staff + perhaps some
members to be appointed;

implies that embryo has all organs

emphasis on non-monetary policies approached

Chair → ~~not~~ still Pres. A \leftrightarrow B

* Bayer → A are first right & small steps, with little dynamic response, but going from the previous substantial legal changes, which are more timid; thus by they cannot demand so much

nuclear of ECIS → strength of Com. of Gov. more measurable than ERT; Com. of Gov. should be the mother of

a will to harmonize to harmonize in this area, a strengthened of CoG only really possible if the position of Gov. not too severe

Plantol explains that less the political Gov. should be given greater authority

see whether 2 scenarios can be merged?
can let Commission; for B put into A and without ERT measure, joint use of resources agreed probably?

~~from~~

* Giscard → ~~After~~ Phase I becomes the most important, for what the most important decisions have to be made; if an explicit 2 scenario with different object of negotiations makes sense then a pub

have problems of substance & legal procedure

1890 and 1992, if confirmed under
present conditions, suggests great changes for the
present system; i.e., by 1990 we might have
made a step forward on the ^{current} multilateral
policy

a number of proposals in A, can be
implemented in Can. of Gov., e.g. give us a
mechanism for making policy & evaluate policies &
comes up with recommendations.

In B we have a prohibitive legal, esp. marketing
policy & submissions to a wide field;

if this is confirmed by agreed moment, Gov. cannot
make a joint statement, to be followed by joint action.

B makes an. changes, causes problems in terms of time
frame

↓

in P? it says modification of the Treaty

if compromise between A & P, can it be managed
that ideally be drafted quickly? → have to
make it in multilateral

Treaty in 2-3 years? will we have it by 82?

if anti. charges are discovered, it means that a new Treaty has to be proclaimed!

in the meantime, ^{law} new laws

Chair is draft stand, ^{Europe, Canada} ~~timeless~~ intended to pursue Treaty and ~~the later~~ reach at a first stage with anti. charges

alt. possible 2nd scenario

of Europe. Can't decide by yourself, immediately
interpol. groups

and by 1950 multilateral surveillance
and coordination

Chairwoman strongly in favour of 1 scenario; almost
all scenario D element can be included
in A, except ERT

|
| justification on page 5 for ERT can be
used for an appeal of a rougher scenario A
(difficulties with third tier)

suggests by my knowledge that BSL
has to weaken the monetary power to
become more European

My proposal now more balanced, emphasis on
cooperation, but ERT not acceptable, puts emphasis
on the money'not, emphasis thereof to national
& not ext. stability by

Giving powers + basis for analytical support
+ requires an independent body giving greater
independence, but centralization of administration
only a technical matter giving the wrong signal

cannot accept 3 Committee, although ex. rate
& monetary policy are closely linked, should be
in one Committee

Approach Pöhl + L-P

Jägers → also in favour of single currency,
whether and occurrence except ERT;
Oberholz ^{whether} creation of ERT would guarantee credibility,
which would be unwanted? ERT explicitly less
than EMCF (which has 10% of members)
agrees with Pöhl

Pöhl should make clear, that decision
to embark on ERT, should be non-binding with
changes & institutions to be given on what
mainly makes sense

Hoffmeyer → p 2 on credibility → on p 2/3 it is
stated that parts cannot be harmonized
but on p 11... proposal suggests
a partial transfer, also in connection
with ERT

what is our position; in favour of p 2 language

pub-transfers not possible:

thus they have to think on what can be done without Treaty & propose a Treaty if Euro. Council wants to do this

can tighten Cons. of Gov., by a certain set of rules; make a list of rules that member states should follow and then consequences can follow

etc. a. behavior

monetary targets
budgets

: rules \rightarrow which countries

will pressure on monetary authorities & fiscal policies

Chair \rightarrow must be coherent on observability

Chair Rubio \rightarrow main aim of the proposal to have an imp. change without which nature of monetary policy would not change; agrees with that!

minor changes won't yield anything! But see the considerable legal difficulties

if we don't overcome them, no way why institutions to play a role in monetary policy

for major changes we need a Treaty

has difficulties with scenario B; if Euro. Council wants' change it has to change the treaties in a quicker way;

major changes in monetary policy only with
major mkt. changes

only 1 currency, parity) and the definition,
not make clear that having it to Europ. Comone

Treaty → 2 proposal would have not result of
stability to Europ. Comone;

phase 1 without mkt. changes should
be viewed as a preparatory stage

↓

and from 1992 mkt. change (Treaty)
to open ECU phase

an Bayres idea of harmonization of national
institutions as central bank; Portugal;

Central bank has drafted a new statute
^{by commun} proposal (cannot be good);

For discussion → mkt. changes in the 1st stage, or not?

have not found a real argument why not?
political arguments,

but not convincing!

should make an effort to make in such changes.

1990 - 82 = 1st stage, to prepare Treaty;

how can we defend not to

take ~~any~~ ^{any} a limited

mkt. steps if Treaty prepares
major mkt. changes

what kind of inst. change could it be?
legal construction more a legisibility

If possible to implement the principles of the
Fund, if clear-cut rules on how to use it
(also to implement) ? What are then the problems
for introducing it.

agrees with idea of 1 scenario

- * Own : - 1 scenario essential!
- Whether in stage 1 we will change or not, has
to be fixed!

has a fundamental importance for this approach,
because has symbolic value + inst. carry
constraints (like EMS), however, a
speedy change in effective monetary policies
cooperation is also needed, at least as
important as inst. change; worried about
the EMS in one year! (Because of expected
liberalization, where speed of inst. changes speak;
being imbalances in ERM in EMS), therefore
a very careful handling in the EMS needed
not to waste 10 years of successful cooperation

thus \rightarrow 1st stage to be implemented as
early as possible \rightarrow this year; if ERT disappears
inst. obstacles, then when preference for
stage 1? & taking over all elements of R except ERT

How go on to stage II + III?

Goddard → Every country check more thoroughly
an Treaty stage + to have a first step

if 2 scenarios with countries, a negotiate approach.

each country has its own legal changes; in Belgian
Brt. considerably why important for the policies
which are necessary

Dagle → need to remind ourselves of what we are
doing! We are not negotiations on the subject!
We ~~please~~ produce a report for those who negotiate.

This means, that the most important thing is to
have a report which is ready:

2 scenarios suggest that there are only 2 possibilities,
from the beginning that all possibilities have to be exhaustively
examined

Thus, only one check list of the mutual elements
↳ to get to EAM; or might you finish
↳ in sequence

→ mentioned by p 6 that ~~term~~ cannot be
implemented without Treaty
+ the ~~any~~ purpose Treaty

Particulars with B;

- provides on prob. change runs against the basic principle of strictness, which means that major changes & law, for operations when it is not necessary.

Very big changes in ERT can let go alone by existing institutions, i.e. Com. of Gov.

Would be cumbersome to go through the 6, up regulation for ERT, if anything of Com. of Gov. can let be done in other way

- while agreeing with principles on p 1-3, but difficulty with parallelism
 - ... part of the dynamic process ... in the institution; but things are not parallel or of now; more powers are members kick & catching up on non-managing side with participation; not possible to make further managing process with all members joining the ERM; the objection to 2-speed Europe

Chairman → 1 scenario

- proceed with managing policy coordination, i.e. strengthen Com. of Gov.
- the 2 scenarios have also influence on the function for those I would like to permit implications for convergence

- B does not specify, that all members will participate in ERM

- B's undesirable feature of relinquishing the representation of member countries!

A

if 2 scenarios in the report, the ~~text~~ should be corrected

forwards enhancing the role of Council of Gov., forward
harmonizing objectives & analysis, as in B, should be
taken over & in A

Chair we expect Europe will all the case, think
of capital liberalization with & without either, for
a period of time;
^{use of legal means} C problem.

EC grow on the basis of the concept that the
specie other areas parallel the others

~~Poll~~ → an option → Poll ECSC proposal should be
discussed next time; moreover should
that there should be only a
council; rather close to US system not DSE

Rubin & Lam have said that major mkt. changes
but needed for big step forward, otherwise, don't
need mkt. changes to cope with problems
(not for)

/ proposed to make decisions at national level

- to easy like the ECSC, that would be
major step towards ERM from an mkt.
change

- liberalization (which has been discussed) has to be

Any time limit

- should aim for set of rules, principles
 - i.e. greater convergence; for instance to
converge all countries to certain inflation rates
and to reduce budgetary deficits

These things have to be made much clearer!

Our proposals should also include (in 1st step)
that as long as differences exist, negotiations are
ultimately aimed at adjustment;
not from negotiation that access to
financing (through ERT or other)
would help to reduce the balance

strengthening of central bank's independence, discipline, but
can we say that? Not only applicable to independent
central banks, but also BBL → which makes it
impossible to agree on a double coordination!

coordination of monetary policy should be aimed at;
64 resolution says everything, only little can be added;
Com. of Gov. can let you recommendations today, which
would be passed to ask the Council to repeat and
give more strength to the Com. of Gov. + approach
to Com. by giving the Chairman more profile +
have a staff

Giving further would create all difficulties that will
be encountered when negotiating a Treaty, if ERT
is different would create problems; don't need 2 mid. steps

would be say that we start negotiating on the
supplementary budget Treaty changes, such as
the stakes of the Eurogroup central bank

de Lar → mentioned by Ohrenstein that ~~not~~
the report should include the members of
his delegation

scenario A → has a symbolic appeal, anything
cannot be done very fast; nothing
new;

if then a next change in Treaty,
an enormous credibility gap

we cannot eliminate from framework some
risk. We leave from it they

we already have the same form of an emergency policy
mechanism; it is the link with constitutional mechanism;
if we say that in the immediate future we have
to strengthen, we must a link to Treaty change;
we can implement an own monetary policy & therefore
we should say go something now of what we are
already doing;

wanted to extremely concerned of there was no mentioning
of authority of monetary institution at work (there are
different authority depending on EMU participation) → have
2 stages at 2 periods; that aspect should not
be blurred; if we had to work for all to join
it would not be realistic

if countries in narrow band want to proceed it
is only concurrence, not unanimous

then's only the small parts of issues, it is not
a far better proposal, much more modest than ECIS

Dimitro → inst. change necessary because Poll was
not able to discuss ^{any} currency policy;
conclusion they must follow ^{any} currency
members policy

should not force the impression that members
policy would change without inst. change

no objection to 2 speed; it's a good thing, because
it encourages countries not to be the last one;

*Chair → 2 questions:

- w. Doyle said, there are many approaches;
for him there has to be a draft
treaty; some countries may not want that;
if the Euro. Council says, only we
need it in intergovernmental groups;

< schools of thought → some don't need a
fiscalization law, because states have incentives
to reach it all

→ others want a

fiscalization law, each country would decide in
national legislation the necessary changes to its law
(independence of central bank, ERT)

but then so to Parkinson's theory! Answer:
the one proposes a Treaty, & then
- first stage has satisfy early things; others
- discussions for the approval of the
Treaty

if we agreed on this, we have to specify
content of the first stage!

AFTERNOON

*Chair → then the C feels that a Treaty is
necessary right from the start, if we
want to move to EEA

(points has to be emphasized)

Treaty, means that for each stage there must
be a deadline; but what, not very successful

if there is a Treaty, credibility enhanced
but then 2 ways:

→ if there is a Treaty, some will
say that this will exert considerable
(one aspect of the High Rep).

(1st July → begin of 1st phase; but then Treaty
not yet proposed → like remainder of (with check
of B); like G4 decision, more useful by re-affirmation

+ financial mechanism for Cons. of Cons.,

others say, even if there is a Treaty, the
measuring regulation requires a treaty, inst. charge
e.g. for technical publications, twice!

Pelizzetti thinks, if A + Bchm. + Treaty
have a great deal of compatibility

if Treaty published quickly, removes the need
would the capital carry legal connection?

De Jaenisch → Treaty or not? Remodeling → how many to Ears;
single Treaty charge; that should be solved;
compatible background means that decision to
charge Treaty should be at the beginning of
the process → content of Treaty in Part II

as plan I → can do without Treaty charge;
- function of C & A'ban
- reform of P's competence decision
(taking account of the poor experience)

(+ content)

Audierne → Treaty yes; A + and Treaty included;
unanimous decision; = positive!

Bayer → goes along with Audierne; if Treaty needed,
one recommended it + central bank authority + A +
General → carry a certain compatibility + dynamism

Can we look at the environment of A (sub-committments, agreements at Government level concerning information)

Chairwoman shall we agree on draft communication

- work towards this as fast as possible
- understand that that requires a timeline
- have set it in motion
- the mechanism, preparation, once technicalities managed & practical considerations
- have school control bodies to work within framework ...

Pöhl

draft Chapter III on the type of
discussions?

Kohler →

Comments coming on setting up a
group to put changes in the Treaty and to
work without legal changes

he wants to add to that

same language

same Committee think that a
first mechanism of the institution approach
of the action can for
example add to the credibility of the
approach.

Can't do that, technically,

having first B+, then those who like the
ERT have 2 steps in the Treaty mechanism,
first the Parliament (with the Treaty) and
then the Committee of the Treaty

Giscard: agrees

* Pöhl: have list of proposals:

- Indicators

- all from the ECIS

:

including a set of rules, a set of
objective indicators; sort of multilateral
surveillance \rightarrow the ability to measure
the measuring + ec. performance \downarrow
with the observers can discuss,

- also power on st. make

Then say \rightarrow same Gov. that this
process would be subordinate of ...
ERT

Other Gov. feel that....

Kohl \rightarrow agrees; also on rules

* C-P \rightarrow can answer the 2 questions of Charroux
affirmatively, but each stage to give a deadline
in the Treaty?

Charroux \rightarrow no; changes to fix that in Treaty

L-P → p 2 c) last sentence, not
last paragraph but 1st!
Reason?

Pellos → to achieve 1992! to put further pressure
on completion of Single Act!

L-P → would seem to say there is a
deadline

change paragraph

* Carr → concerned about calendar → closer
monitoring + rhythmic of Ga. as early
as possible
↳ when direction of capital budget
comes in force
as when Euro. Council sets the
motions the preparation of the Treaty

* Char → 66 steps 1st July 90

* Carr → already earlier; when checked that
Treaty negotiations 'should start'

Lam → 66. Sixth step 7th conference round

Hoffmeyer → 3 places where Committee is of opinion;
say, if Euro. Council wants EMU they have
to change the Treaty

p 6 no = fact

p 6 - consequence, not opinion of Committee

~~xx~~ Ciampi \rightarrow p 5

"the complete liberalization . . ."

to put emphasis on 1990!

p 9 first model

- formulae . . .

:
hi could declare publicly . . .

that a European central bank stands ready . . .

p 11

to add... that the European central bank . . .

(may be too far!)

Pöhl \rightarrow the are recommendations to the Council, which
means that this Committee recommends something
for which there are ECSC rules

must then have a list on proposals for the
first stage!

has drafted a Council decision, will be sent
to the ~~Committee~~ Council

* Auditorium → should give starting suggestion to decentralization
on p 6, or for us Treaty concerned
should allow the possibility for one
Parliamentary govt transfer of power
at different stages

+

what system would make it
possible without too many parliamentary
chicanery and without blind check

* Chair → have to give assurance that proper
conditions are fulfilled when moving
from stage to stage

that p 4 → in control, only those
countries participating in ERM ...
only because ^{of} possible impact on ERM technical
relationships

p 10 margins narrowed → is this the right
thing to do at time of possibly increased
powers?

Chair → no! take out

Car → p 8, first model → implies etc. a policy
recommendations, a etc. a chapter!

10 EMS arrangement \rightarrow strengthen financing mechanisms
not consistent with narrow
measures; more credit will
not help convergence;
significant progress in
convergence measures needed
for monetary measures

p 11 second check on top \rightarrow meaning of new
or old rule? ex. n. policy in the
hands of central banks

p 12

* Hoffmeyer \rightarrow p 11 task of ESCB first check

[timelines]

technical problems
political problems \rightarrow any豪; opinion
• treasury general? what is the decision-making?
make clear

* Pöhl → stages $\underline{\text{I}} + \underline{\text{II}}$ depend on the Treaty; should not be too specific

↓

the Treaty will detail that! More has to be done by stage

Start elaboration on Long-term from I to III

Conciliate on I, make it more concrete;
then conciliate on chapter II and leave it open, how we get from I to the final objective

Pöhl → may be not too much time dedicated to $\underline{\text{II}} + \underline{\text{III}}$

P 12 → represent the Committee in sub. meetings;
aggeration; same terms for EC
Speaker of sub. meeting → if there
is a common position, why not
have a spokesman; if no common
position, we don't need him

Chairman of ESCB to EC/IMM meetings?
political accountability of ESCB not covered;
how they check it;

Chair → In ESCB independent, we should
not be too explicit;
otherwise have to think of European
Political Union, and this may not
be operational

Bayer → has a minimum should be said,
— e.g. annual report

Grau → in phase II publish his proposal on
Ecu use;

Chair → phase II should be a living process

Carr → talk about stages II + III; there are
very substantial differences → lack of ex. n.,
based on ecu policy

Kohl → must try to write something on stage II;
esp. if stage I ^{has} no subst. stages;
not realistic to jump to III

But, in terms of ecu policy we have to
say something in stage II

phase II must have a position and some of
the Kohl idea; cannot disregard stage II

Ryggew \Rightarrow $\hat{\eta}$ is the 12th stage \rightarrow in other hands
~~Hoffmeyers~~ concern; not to appear
policy decisions

Proposed to have stage $\hat{\eta}$

Dagle \Rightarrow agrees with others;
but question of parallelism

p 4, Hollan \Rightarrow only certain countries

p 10 \rightarrow all countries in a position to do so
(under ETS arrangement)

and then jumps for those not in
position to do so, so change
in stage $\hat{\eta}$ to reflect the numbers?

that's most realistic

Hollan of p 10 (a, b & modality \rightarrow)

that notion has to be brought into stage 5

(\vdash meaning of ?)

p 8 unweighted values, but not binding!

Jäms \Rightarrow Centre for ec. policy can decisions \rightarrow procedure
not defined; if we can't see everything but
Eco/FIN, we should say so.
protection, also on consequences

Chair → find on elements in writing

* Pohl → Criteria for policy construction, don't make mistakes
because it can

say → power of competence has to take place; in ECO/FIN; use early institutions.

Should we be too precise on I + II?

but it is a power → say → forms of etc.
is some time ahead, many in this direction
and of more powers as much, we can
enhance the harmonization of Com. of. Gov.
This is the nucleus of a Council of the European
Central Bank system

don't go into detail, far substance, no representation!
the inst. markings



Weltlin → this is important → if many have
fixed ex. rates + have an ESCB we have
to say what its main features are
cannot say that after stage I we stop;
have to decide the processes that make it
possible to move forward, enlargement

In his concept, same thing could be done
together. (if not in stage I, it must come
in stage II, has to be implemented)

Rydzewski → might underline the monetary policy
agreements that take over from the
EMS

Pöhl → of course want to be constructive but think
about which instruments are handled easier;

national monetary policy must → there is
nothing like a true European coordination

cannot stay away if the right to autonomy is
not matched? The ~~text~~ ESCB should
set national monetary policy targets

Chair → Second item: Ecu

- results from another (Prof. Pöhl) in their
paper.

Pöhl → 1) historians have shown that nobody supports
parallel currency concept; that is impossible!

more difficultly → more difficult or, Euro cannot build

2) important that other don't agree on Ecu bank,
because it might be money creation

3) also agree, that institutions are commercial
use of Ecu to be abolished

- 4) To what extent the ECU should be used as a ~~monetary policy instrument~~ currency, ^{in step II} in itself?
- Giscard proposal; can perhaps reach the same conclusion without this procedure; still open

Prümberg → an Giscard's paper → agrees on private ECU, but perhaps not under central bank as might enlarge difficulties of monetary cooperation

an official ECU → cash money concept
cannot be one of the possibilities for the end place; officially in transitional period;

it is a purely intra-central system;
~~int'l~~ analogy to national system so far → central banks are not profit-driven.

Carr → Table 1 → 2 points:

- Central character, with players in aggregate figures; but important non-bank aspects
 - a) very small
 - b) not changed since last HS

not coming close to becoming a monetary asset of the non-bank sector; doesn't compete with the best monies like it is an damage

an answer:

p 4 → question, whether for final stage we need a common currency (for credible),
his answer, yes → from a certain point

p 3 → a) ECU needed as a basket to become
more numerate → yes!

c) no, ECU as parallel currency not
needed → should be spelled out

b) no clear answer (Duisenberg, Narvesen)
2 groups → 1) analogy to national
systems not obvious

2) connects us to
a particular type of
monetary control
technique (this
feature now discussed in Ad)

→ Duisenberg → supports p 4 → officially states that in
future currency will be the ECU!

Chair → ECU must receive improvements? Yes

Hoffmeyer → what is different to target fixing as an alternative
compared to Gr官司 proposal?

Paper \rightarrow practical problem with common currency,
e. common currency needed for EMU, yes
but not discussed: a gradual
development can be managed for EMU,
but at same point in time the \downarrow of
which must be subsequent implemented
 \downarrow
but then price coordination by institutions \hookrightarrow
in Poland \rightarrow central inflation may be dangerous!

Paper \rightarrow Ciampi's paper shows that EMU not useful
before convergence; only at last stage, when
we have a single currency;
only not useful during the transition stage!

for monetary control \rightarrow not ideal with its objective
to fix repart; initial function of supervisory;
Com. of Cen. may discuss this, when necessary.

Should there be control of banking here? Only
immeasurable risk reduction an desirable
expansion in industrial countries
 \rightarrow leave it to technical discussions

Chev \rightarrow other people will read \rightarrow the report;
we have to show that the EMU will only be
useful in final stage \hookrightarrow in control by
common view that institution of EMU makes
contribution to others

for instance Schmitt / Crouzet say EMU makes
contribution to ECU

↓
means that you are not in
control

Doug-Pepper, on monetary base → not really used in USA;
not considered to be useful; less
useful even on European scale;
depends on stable multiplier +
stable demand for money; these
relationships don't hold

in Liugpi paper → national central banks
control money through compulsory reserve;
= tax on banking, banks would like to
avoid this, can do that in a free market

thus sceptical about proposal

however, what Doyle says about inflationary push!

Dyson: monetary base control relevant in this context?
more cumbersome to think in terms of gold
standard; this is one way of managing the
system but may be too tight (thus increasing p 10)

Doyle points → may be we have double pricing;
only a once for all increase in
prices

Ciampi → Today not acceptable how the system is used to operate;

system was created thinking of a banking system & experience is likely; central banks are forced through credit provision & interest charged

some of the concerns cannot be dealt with through arm's length;

will tend to account transactions; proposed system of outcome of financing

an parallel ECU in line with Demyany

an official ECU → how to come up with a harmonious strict monetary policy

↓
how to have a common monetary policy without changing much

common monetary policy = outcome of European charter; national banks are bound by the policy decided by central authority;

* Demyany → there are many possibilities; a form of coordination & officially to find measures of monetary control

it is very difficult to know for the future; worry about it when time is there!

Padoa-Schioppa → not telling about double pricing; changing to one currency and not demanding small units

effect will also be different from country to country; there has not been a discussion

Ciampi → Ciampi's proposal cannot apply in stage 4; look into the liberalisation → it would mean that balance sheet of central banks under the control of the central authority, now occurs different money supply controls & more possibly in a different direction (velocity & output); then looked in → because defined partners → it would be impossible to (constrain an) expand money supply

Keller → Euro has a name; markets got used to it; held in reserves → good idea to give agreement for future Europ. currency

Ciampi proposal → para 13: long term the central authorities will decide on Europ. money supply measure
That's the case, for a common monetary policy → this is one system relying on base central; although not reliable should not be rejected out of hand; may simplify matters; no firm view yet

injection of ECU (parallel currency) not a
good idea; we can say it may be the
beginning of the trials for monetary control
(changes by way of intervention).

Pohl → yes, include the idea for future consideration,
but if you have a Europ. inst. → why
else you need national central banks? Then
are only branches

ultimately currency, but very far away, we

say → ECU can become the European currency +
can be used as a monetary instrument

→ take position attached to ECU, say what
we have learned about it, in M & D
not use currency as institution, but in D,
how you had institutions. ECU more popular
than US dollar as a financial system ECU
will always
but no institution

an official ECU → allowed SNB to hold ECUs,
a good idea, perhaps others → can say that

but conclusion → parallel currency would be
the wrong way; also think, we should say
that it is not conceivable as long as the powers
of a Europ. central bank being responsible for parallel ECU

This is 3rd conclusion in Preliminary paper,
I should take that up.

May can ask same question

Chair → where in the report talk about ECN

Chair → in final stage, we have to say something
about control of supply, role of central
monetary bank; want targets for national
central banks

Griegi → necessary

~~Chair~~ Chair → 3 conclusions:

- explain why against parallel currency
- why interested in further ECN
standardisation
- how to handle links between PECH
& OECN

Still 3 questions.

What to say to those who say that promotion of ECN
helps ECU! Much not to be attacked;

If ECN becomes common currency, how does that fit;
bank

from point of view of monetary policy, growing difficulties
to be in control at national level; at the same time

set up structures of Ewas. In the last, what is it going to do?

(how also ~~they~~ can cope with the problem of combatting money policy)

What instruments have to be used.

Will prepare informal form of paper

It also an regional policy \Rightarrow from Commission

United union of \overline{E}

Ec. policy centre \Rightarrow will disappear \Rightarrow existing structure

Duitenberg \Rightarrow new section \overline{I} ; remarks on Pöhl paper
for \overline{I}

Particulars

(Chair)

- how to decide the budget of Fischer & our scenario
of the later

let's say 1st July 1980; no opposition

L

broad-based of the members' contributions

Chairperson

full participation of all centers



- stage I before 20/06; become drafting regulation

stage II when to do something like a rule

in practice

conclusion on the part of the ECSC will be the common currency of the community

if it practical

first

- Dublin Budget (common)
- Part II
- programmatic policy in time (perhaps in Brussels)
- stage of the ECSC to determine the currency
- 1985 program in Luxembourg