

4th meeting of CSEU

Chair → refers to documents

Co-chairs have not it ever,

others will soon;

idea of

Doyle → trouble with limitation to their own  
authority

main

De Larosiere → 3 amendments to draft on p 19

22

31

←  
imposed 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. union needs to be strengthened  
parallel shape of sc. measures  
- why do we want to go to B  
after B?

Cher → LP cannot be essential; if  
obscure it is some time that has  
to be accomplished

|| other Eden will strengthen the  
European economic; have to  
explain what Eden can bring

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

Thygesen → Part II, that in the benefit of all  
was an advantage of single currency, fixed  
ex. rates;  
argued that UK should out of the  
system

Bayer → <sup>Dangerous</sup> ~~dangerous~~ to state that ECU  
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; voters will favor ex. r. discipline  
↓  
we should say that

Chair: in context of freedom of capital markets

- 1) banking supervision the same? yes!
- 2) prudential rules " " "
- 3) less than one looks to distribution? structure problem
- 4) can we have a system of currency in the bank + non fully floating  
↓  
will have to be maintained before 92

Chair: have to highlight the advantages of EMU, but also emphasize that what is proposed in 92 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, 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 later

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 it  
is in our immediate and your  
national interest?

Cholliard → in order to consider what we  
can do by 92 we might need other  
public in form of macro-policy coordination;

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

also many 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 is 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;

nature of 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 three;  
arguments for "the strong", on fiscal rules  
principle of subsidiarity  
↓  
should be explained in  
greater detail

conclusion on requirements in monetary part.

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

implications in fiscal field:

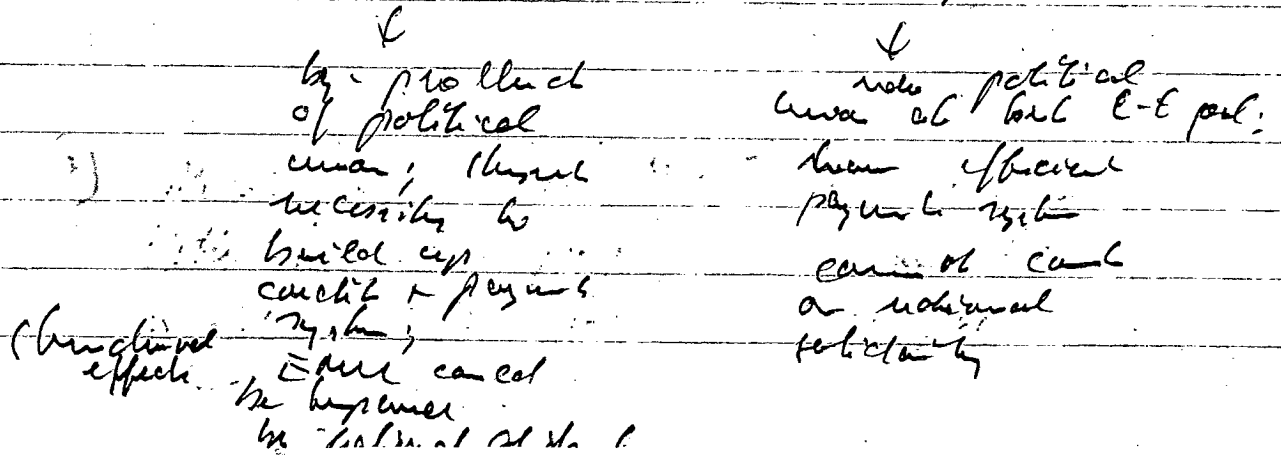
- 1) system for rules on budgetary policies: limits on deficit
- 2) harmonize the welfare system (unemployment ...)
- 3) harmonize the tax system
- 4) harmonize wage policies
- 5) harmonize system of transfers

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 whom 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

Wage → agrees → definition of what is strictly necessary

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

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

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

shock a lot of importance to that!

Chaplinas → first 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 para 1 → skeleton should be <sup>emphasised</sup> ~~there~~  
parallel movement

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

change the order → let EU, then MU

EMU cannot be a whole

Chair → subordinated paragraph

Chair → shows the concerns of those <sup>who</sup> discuss the respective  
parallelism  
but if begin with EU, no dependence;  
from ethical point of view to begin with EMU

Chair →

Poll recalls the mandate, which points to a clear

Tavares → same conclusions as Pöhl, MRM only  
after high <sup>degree of</sup> 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 monetary  
area centralization needed; that does not  
apply to fiscal policy

2) it's a central banker 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 sentence I missed:

... with the objective of the 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 movement & economic  
debate; parallelism is the answer; not  
impractical what can work;

~~let's not start an EC~~  
how about EC merger? maybe 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. Fischer, 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 independence 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; start's now  
AM before EU

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

... a distinction or shadow between that  
& that. The first section starts

independent + 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 EMU  
is not a finished whole, once reached  
what 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 discipline 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 ultimately deciding which answer

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

Hayle → high answer represent the economics,  
only ethical, if consequence of the economics  
↓  
practical step before

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

Johns → Introduction of single currency → could  
p6 lead to the issue of parallel currency  
pwa2 avoid

p6 para 1 no reference to benefits

only effects of monetary integration

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

why not be  
Chair?

but a ...

### 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 to deal with 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

Rehder → 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 → households → guarantees have to be introduced,  
perhaps in connection with ECU,  
have to be credible if we ever change to  
single currency

Boyer → ... considered 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 autonomous 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

Jung → since ext. s. are frozen ... if level of funding has chosen carefully, this question not addressed.

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

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

Cecchini report: premises 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)

also 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  
willing to make shocks

Parsons

depression,

convergence

advantages + disadvantages → Grol + Thygesen

↓

low character cost

unemployment

lower interest rates

competitiveness advantages ruled  
out

rejection of  
neofunctional model of  
ex. v.

problem of symmetry  
(system not in  
balance etc)

removal of ex. v. adjustment

Rohl → risks + problems on parsons 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. relations. My answer  
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 + 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!

Gangini → p 10 3rd line safeguard → speak of  
parallel progress  
same 3rd line under 3

Doyle → must have had doesn't make the  
problem go away → perhaps missing  
a major <sup>policy</sup> 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. locking or one currency  
→ one central bank → <sup>don't</sup> national bank  
central bank  
→ decision-making by  
majority

Pöhl → better and institutional

de Lar. → p 10, summary again.



Chair →

EU

(structural structure)



- question 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 la → 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 harmonization  
all the truck companies would establish themselves  
in Portugal → Germany then ~~the~~ accepted  
it only with maximum degree of harmonization

↓  
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

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

- China cannot use ex. v. to  
cancel discrimination
- cannot have free access countries  
in 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

reference to FFF will be given the reference  
to Euro - Central Bank

fiscal harmonization should be fixed, but within  
limits; help 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 + constraints  
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 of M1 wanted, the resources for  
operational policy have to be increased

Chalobias & 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~~ <sup>focus</sup> 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 or 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 judgement

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 items 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;

the need a legal framework for Europ. central  
bank system; the treaty 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 <sup>political</sup> negotiations;  
on the draft

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

- Delors
- 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 Larosière → Delors → accountability; <sup>of Council of Ministers</sup> not acceptable, there may be a shift in this direction;

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

Prinzenberg → on accountability, has to <sup>publish</sup> give 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. function → will the Bank intervene in the exchange markets?

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

Cragg → 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  
printing → 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,  
need to be

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

philosophy vague

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  
output 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~~ <sup>take</sup> 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

Chaves → 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

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

Lucas → 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 responsible

look at Boyer's example → low level of  
compulsions contributions to social security in  
countries with low rates is considered; 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 <sup>policy</sup> 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 terms of points

certain level of → <sup>welfare</sup> <sup>level</sup> harmonisation of <sup>of</sup> <sup>col</sup> 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 <sup>the</sup> decision  
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 on 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, à la Pöhl

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; 3rd 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

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

fund set up, purpose to increase, 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 third bank 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. B: 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 far as 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 bond ship can be implemented, and strictly  
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 Goss paper

Ziel or (4)

branching in  
re. union

- prepare discussion  
of ECU R 30 - 17<sup>30</sup>
- review part III



for cc. unan →

value added → of EMU; at end of part I

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