

9th March 1989

Major differences between the drafts of Part III prepared  
by the Rapporteurs and Gov. Leigh-Pemberton

Rapporteurs' draft

Gov. Leigh-Pemberton's draft

The general approach

Recognises the need for a certain degree of flexibility but attempts to set out as concretely as possible the principal steps to be taken in each of the three stages (45, 47).

Stresses the need for an evolutionary and flexible approach (5) which focuses on stage one; the discussion of stages two and three concentrates only on issues that would need to be decided when the transition to these stages was felt feasible (16); accordingly, stage two (and more so, stage three) is confined to an illustration of a range of options (20).

Emphasises the need for a process which is clearly oriented at the attainment of the final objective; for this reason it stresses the importance of preparing a new Treaty at the beginning of the process, in order to demonstrate a clear commitment and to underpin the credibility of the undertaking (47, 59, 62).

No commitment to go all the way to the final objective; rather, emphasis on the possibility of reviewing the process at any time; avoids in the description of stages any reference to a new Treaty but mentions the Treaty question (36) as an issue outside the competence of the Committee.

Suggests to move to stage two when the deadline for the completion of the internal market programme has been reached (47).

Non-committal with regard to the beginning of stage two which should await a situation in which markets have adjusted to the new legal framework of the 1992 programme (2).

Leaves open the possibility of a more rapid advancement towards EMU by some member countries (49).

Rules out categorically any "discriminatory" approach (11).

Not particularly explicit on the need for transfer of power; speaks more in terms of changes in balance of power (44).

Emphasises strongly that EMU involves a major shift in economic decision-making power from member states to the Community as a whole (3).

#### The role of the ecu

Not mentioned.

Sees a need for some form of parallel currency arrangement at the start of the final stage (3).

Mentions the ecu as an instrument in the conduct of a common monetary policy.

Not mentioned.

#### Stage one

##### The objective and institutional measures

Objective is to give momentum to the integration process by implementing the internal market programme, enhancing co-ordination of policies and demonstrating through the preparation of a Treaty the political will to attain EMU (59, 62).

Key objective is seen to get the fundamental economic conditions right and to establish in practice that the necessary political will existed (15); no reference to Treaty.

Measures in the economic field

Suggests to provide for the possibility of promoting, where deemed appropriate, concerted budgetary action by the member countries (63).

Not mentioned.

Not mentioned.

Suggests guidelines for the financing of national budget deficits to reduce and eventually eliminate monetary financing (18).

Measures in the monetary field

Committee of Governors should become forerunner of ESCB Council (64).

Not mentioned.

Opinion and recommendations of Committee of Governors would not have to reflect unanimity (64).

Not mentioned.

Committee of Governors could declare publicly that central banks stood ready to counteract speculative capital movements (64).

Not mentioned.

Outcome of deliberations of Committee of Governors could be made public (64).

Not mentioned.

Establishment of a monetary policy committee and a foreign exchange committee (64).

Not mentioned, but reference is made to a permanent Secretariat with a research facility (19b).

Not mentioned

Special section on EMS arrangements (19c), suggesting to increase holdings of EC currencies in member states' reserves, participation of non-ERM countries in the Very Short Term Financing Facility, change in remuneration of official claims arising in the ERM.

Efforts would be made to include all Community currencies in the ERM (64).

Before the end of stage one all member states bring their currencies within the narrow margins of the ERM (19c).

European Reserve Fund and opposing views (65, 66).

Not mentioned.

### Stage two

#### Measures in the institutional field

Basic organs and structure of the economic and monetary union would be set up in accordance with the Treaty (67).

Outcome of ex ante co-ordination process would become increasingly binding; some degree of institutional change would probably be desirable in order to assist the co-ordination and implementation of policies (21).

Learning process through common operational decisions (67).

Not mentioned.

Measures in the economic field

Council and Commission would reinforce their actions (68).

Decisions would be taken by the Finance Ministers; possibly establishment of a permanent secretariat to provide ECOFIN with analysis and advice; possibly establishment of committee of junior ministers; possible extension of this approach by setting up a new body, the Centre for Economic Policy Co-ordination, in which the Finance Ministers would take the decisions (22, 23).

Strengthening of structural and regional actions and of Community investment programmes in research and infrastructure (68).

Not mentioned.

Use of qualified majority rule.

Not mentioned.

Not mentioned.

Formulation of a common view on the exchange rates of Community currencies vis-à-vis major third currencies (24).

Measures in the monetary field

Setting up the ESCB as defined in Part II (69).

Setting up, at least in embryo, the ESCB, but it is left open whether it would be in accordance with a federal or centralist approach (26, 27).

Implementation of domestic monetary policy in the ESCB framework (69).

Not mentioned.

Pooling of reserves to conduct jointly limited interventions (69).

Not mentioned.

Setting of general monetary target (69).

Not mentioned.

Regulatory ESCB functions in monetary and banking field (69).

Not mentioned.

Not mentioned.

A key decision on the appropriate balance of responsibility and competences between the ESCB and the CEPC in respect of monetary and exchange rate policy would have to be taken (28).

### Stage three

#### Measures in the institutional field

Full attribution of competences to Community institutions, as foreseen in the Treaty (70).

Decision, in the light of experience with the previous two stages, whether further institutional changes might be needed to reflect both the transfer of power from national to Community level and the irreversibility of the final step (29).

#### Measures in the economic field

A number of measures are listed in para. 71.

No measures mentioned; only consideration of decisions relating to development assistance and temporary adjustment assistance (31).

Measures in the monetary field

Technical and regulatory work to prepare the transition to the ecu as the single currency of the Community (72).

Key development would be the transition to a single currency as soon as that became practicable (33).