

Copenhagen, October 26, 1988

COPY

Mr. Jacques Delors, President  
Commission of the European Communities  
200, rue de la Loi  
B-1049 Bruxelles

Dear President Delors,

Thank you for your letter of 19 October 1988.

I think the modifications suggested by the two Rapporteurs are certainly very desirable improvements of the table, I presented at our last meeting.

The heads of state want us to indicate concrete steps towards an economic and monetary union. This means that we have to indicate the instruments, the stepwise implementation, and the institutional conditions necessary to achieve the goal.

I did not want to impose a questionnaire for that purpose on my colleagues, but to present it for consideration in the Committee.

I think the table as modified by the Rapporteurs could potentially be a very helpful instrument of clarification to all parties concerned. It is obvious that further information on the issues raised in the table should be provided in the main text of our report.

Some members may feel that this is not a useful procedure or that the questionnaire cannot be answered in a meaningful way.

In order to expedite this matter I have filled in the table for Denmark and sent it together with this letter to the other members of the Committee.

If you agree, I suggest this matter be added to the agenda of our November meeting, and that a copy of the amended table be distributed to the members of the Committee with a view to decide whether we should pursue the idea further.

Sincerely yours,

*Rich Hoffmeyer*

Enclosure

**Major instruments and policy measures to be applied in connection with the gradual realisation of the Economic and Monetary Union**

Instrument/policy measure	Who makes the decision? <sup>1</sup>	Can under present provisions policies decisions be:			Can the decision-making power be transferred to Community bodies without changes in national legislation?
		communicated prior to implementation?	taken after consultation?	taken after co-ordination?	
<u>Monetary policy</u> - Change in central bank interest rates - Credit policy - Reserve requirements - Open market operations - Financing of government deficits - Government debt management <u>Exchange rate policy</u> - Change in central rates - Change in intervention margins - Change in intervention credit mechanisms - Intervention policy - Management of official reserves <u>Fiscal policy</u> - Direct taxes - Taxation of interest and capital income - Indirect taxes - Budget balance targets <u>Other policy instruments and measures (specify)</u> - - -					

<sup>1</sup> Please specify: Governor, Central Bank Board, Minister, Cabinet, Parliament.



Major instruments and policy measures to be applied in connection with the gradual realisation of the Economic and Monetary Union

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		communicated prior to implementation?	taken after consultation?	taken after co-ordination?	
<u>Monetary policy</u>					
- Change in central bank interest rates	CB	YES	YES	YES	NO
- Credit policy	CB+GOV	YES	YES	YES	NO
- Reserve requirements	CB+GOV	YES	YES	YES	NO
- Open market operations	CB	YES	YES	YES	NO
- Financing of government deficits	GOV (CB)	YES	YES	YES	NO
- Government debt management	GOV (CB)	YES	YES	YES	NO
<u>Exchange rate policy</u>					
- Change in central rates	GOV (CB)	} as a member of EMS these are common decisions			NO
- Change in intervention margins	GOV (CB)				NO
- Change in intervention credit mechanisms	CB (GOV)				NO
- Intervention policy	CB	YES	YES	YES	NO
- Management of official reserves	CB	YES	YES	YES	NO
<u>Fiscal policy</u>					
- Direct taxes	P	2)	YES	NO	NO
- Taxation of interest and capital income	P	2)	YES	NO	NO
- Indirect taxes	P	2)	YES	NO	NO
- Budget balance targets	GOV	2)	YES	?	NO
<u>Other policy instruments and measures (specify)</u>					
- Incomes Policy	GOV, P	2)	YES	NO	NO
-					
-					

<sup>1</sup> Please specify: Governor, Central Bank Board, Minister, Cabinet, Parliament.  
CB
GOV
P

2) Government proposals can be notified when tabled.

\*) In agreement with the Secretariat the following information should be added: Communication, consultation and coordination is assumed to take place between EC-partners in a forum, where full confidentiality is assured.