



10 DOWNING STREET

LONDON SW1A 2AA

2 March 1989

*From the Private Secretary*DELORS COMMITTEE

Thank you for your letter of 28 February with which you sent me a copy of the draft paper which the Governor of the Bank of England proposes to circulate to the Delors Committee on 3 March. The Prime Minister has unfortunately not had time to go through this in detail or to discuss it with the Chancellor. But she has commented that it takes very little account of what was agreed at her meeting on 15 February. She thinks it a pity that the point about the massive transfer of powers away from national governments which would be involved in full EMU is not made more strongly. She does not like the references to participation in the ERM. And she thinks it mistaken to spell out, as the paper does, what amounts to a plan of action for implementing full EMU in three stages. She thinks it would be much better for the paper to stop at the end of the first stage, indicating that subsequent developments were too distant to be worth attempting to describe in detail.

I should be grateful if these points could be taken into account in any comments which Treasury officials are providing to the Bank.

CHARLES POWELL

Alex Allan, Esq.,
HM Treasury



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Prime Minister

You did not have
time to mention this
to the Chancellor
today.

Content for me to
record your views as
in my note
attached?

CDP
1/3

Yes - very
firmly
and