

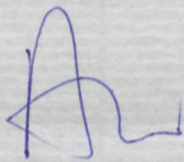
PAUL GRAY

18 May 1989

I believe it would be a good idea for us to have some research done on the following topics:

- (a) What would happen if the rest of Europe (ROE) went towards a monetary union and we remained outside? What would be the advantages and disadvantages? (My Canada note is along these lines.)
- (b) Do stable nominal exchange rates promote (i) trade and (ii) growths. (The note I passed to you comparing ERM and non-ERM countries is a start.)
- (c) Corporation and economic performance: are they associated?

The natural place for such research is the Treasury. Can we approach them?



ALAN WALTERS