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SUBJECT cc MASTER



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EMU

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reword

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 October 1989

EMU

The Prime Minister held a meeting this afternoon with the Chancellor, the Foreign Secretary and the Trade and Industry Secretary to discuss the paper which the Chancellor proposes to circulate to ECOFIN on European Monetary Union. It was agreed that the purpose of the paper was primarily tactical: to fulfil our undertaking to put forward an alternative to the Delors Report and to slow down discussion of EMU within the Community. There would then be at least two options on the table at the European Council in Strasbourg, and the need for our proposals to be properly considered could be adduced as an additional reason for delaying an IGC. It was suggested that the paper's title should be amended to read: The Evolutionary Approach to EMU. The point was also made that we needed to be more active, both in spelling out the implications of Delors and in publicising our views on the alternatives, especially in Germany. This could be achieved by stepping up the number of Ministerial speeches and interviews.

It was agreed that the Chancellor's paper should be finalised by the end of the week on this basis, with any detailed amendments to be sent to the Treasury in the course of 26 October. The Prime Minister noted that the conditions for sterling's membership of the ERM should be stated in the paper in the precise terms which she had used at the European Council in Madrid.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office) and Neil Thornton (Department of Trade and Industry).

CHARLES POWELL

John Gieve Esq
HM Treasury

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