



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

FOREIGN SECRETARY

Mr Fletcher: to see

**PUBLICATION OF DOOGE COMMITTEE INTERIM REPORT:
EMU AND THE DEVELOPMENT OF THE EMS**

We need to consider rapidly how we should respond to questions about the Government's attitude to the recommendations in the Dooge Committee's Interim Report, following the agreement at Dublin that it should be published. (I understand that from questions he asked during Tuesday evening's European Debate Robin Cook appeared already to have a copy of the Report). I confine my comments in this minute to those parts of the Report dealing with the future development of the EMS. But there are other parts of the Report which are equally, if not more, difficult for us - eg on majority voting and the powers of the European Parliament - on which I suggest our officials will need to prepare briefing material straightaway.

Development of the EMS and Steps Towards EMU

2. It is clearly most helpful that in the Dooge Committee Malcolm Rifkind entirely reserved his position on the references on page 10 of the Report to:-

"developing the EMS into a common independent Central Bank system and eventually the creation of a European Monetary Fund and a common currency".

I assume that the version of the Interim Report to be published will include this and other statements of reservation; I understand your officials are checking that this will be the case.

3. When discussions resume in the Dooge Committee, our aim should be to persuade the Committee that gradiose commitments of this kind are simply unrealistic, as well as unacceptable to some Member States. With this in mind I



entirely endorse the tactic which our officials have agreed of getting the Dooge Committee to call for expert advice from the Monetary Committee and the Central Bank Governors. If, however, at the end of the day the majority in the Dooge Committee insist on retaining these proposals in their Report, Malcolm Rifkind will clearly have to disassociate himself from them. We will need to decide in due course how exactly this should be done

- whether by a simple statement of disagreement or a more extended minority report.

4. More immediately, however, once the Report is published, the Government will certainly be asked its views on the EMS section of the Report and on the rather vaguer reference to EMU at the beginning of chapter 2. If so, I suggest that our line can only be:-

- we regard proposals for a common currency and a common independent Central Bank system as wholly unrealistic. The Government has accepted no commitments to them. Mr Rifkind has entirely reserved his position in the Dooge Committee.
- as regard the creation of a European Monetary Fund (EMF), this was referred to as an objective in the Resolution of 5 December 1978, setting up the EMS (and accepted by the then Labour government). But there is no agreement between Member States as to what the function or powers of an EMF would be or when it might be set up. The Dooge Committee Report offers no advice on these issues;
- as regards EMU, if this is intended to mean a single currency and a common Central Bank, we do not accept any commitment. We are committed only to achieving a more united European economy through the achievement of the internal market, removal of trade barriers etc.

CONFIDENTIAL



5. I am sending copies of this minute to the Prime Minister and Sir Robert Armstrong.

N.L.

N.L.

17 December 1984

118 DEC 1984

