

Working luncheon with M. Delors  
on 18th July 1988 in Brussels

1. The luncheon was attended by M. Delors, Mr. Padoa-Schioppa, M. Mingasson, Mr. Dixon and myself.
2. Following a brief summary of the developments that had led to the establishment of the Committee (Committee for the study of economic and monetary union, Comité de l'étude pour l'union économique et monétaire), M. Delors reiterated a number of principle questions to be examined by the Committee. These questions had already been mentioned to the Governors at an informal meeting on 12th July 1988 in Basle:
  - Is there a need for a common currency in Europe? Should it be a single currency or a parallel currency? If a common currency is considered necessary, who would manage it? Would the management be initially in the hands of the EMF or be given immediately to the European Central Bank? What would have to be the characteristics of such a central bank (committed to price stability, independent, federally organised - as outlined by President Pöhl?)
  - What will be the role of the ECU? In particular, what will be the relationship between the private and the official ECU? Will the ECU remain a basket of currencies or become a single currency? What needs to be done to promote the ECU?
  - How are economic and monetary union related? What transitional arrangements are necessary? Is it important to define only a first step or does the complete process towards the final objective have to be laid down?
  - What institutional changes are required? How can they be translated into practice?
  - What transitional arrangements and steps would have to be implemented in the process of completing monetary union?

3. The following practical and organisational arrangements were agreed:
  - In addition to the regular Tuesday afternoon meetings in Basle on the occasion of the monthly meetings, the Committee would meet in October (probable date 10th October 1988) in Luxembourg and a final meeting will be held in April 1989 in Brussels.
  - The rapporteurs will produce summary records of the meetings. These records will not be circulated to Committee members but serve only as background information to refresh the memory and facilitate the preparation of the report.
  - The task of the rapporteurs is to sit in the meetings, intervene when asked by the Chairman and to produce and edit the final report. For special research connected with the work of the Committee it is intended to draw on the staff of the Commission and the BIS.
  - There would be no substitutes for Committee members; submission of papers to the Committee could be made by individual Committee members, special ad hoc sub-groups made up of Committee members and the Chairman with the assistance of the rapporteurs.
  
4. In preparation for the first meeting of the Committee on 13th September, participants in this working luncheon would meet on 31st August 1988 in Paris in order to finalise a paper reviewing the experience with European monetary integration since the adoption of the Werner Plan. This paper will serve as background information for the Committee's brain-storming session, at the end of which a tentative work programme should be agreed. The rapporteurs will attempt to draft a tentative work programme which will also be discussed on 31st August 1988 in Paris.
  
5. Two studies will be undertaken by the Commission in order to facilitate the work of the Committee:
  1. A study of the historical development of the monetary system in the United States and Germany, as well as the Belgian-Luxembourg Monetary Union and the Latin Monetary Union. Particular emphasis

should be placed in these studies on the sequences of economic, monetary and political unification.

2. The degree of budgetary independence in the framework of a monetary union.